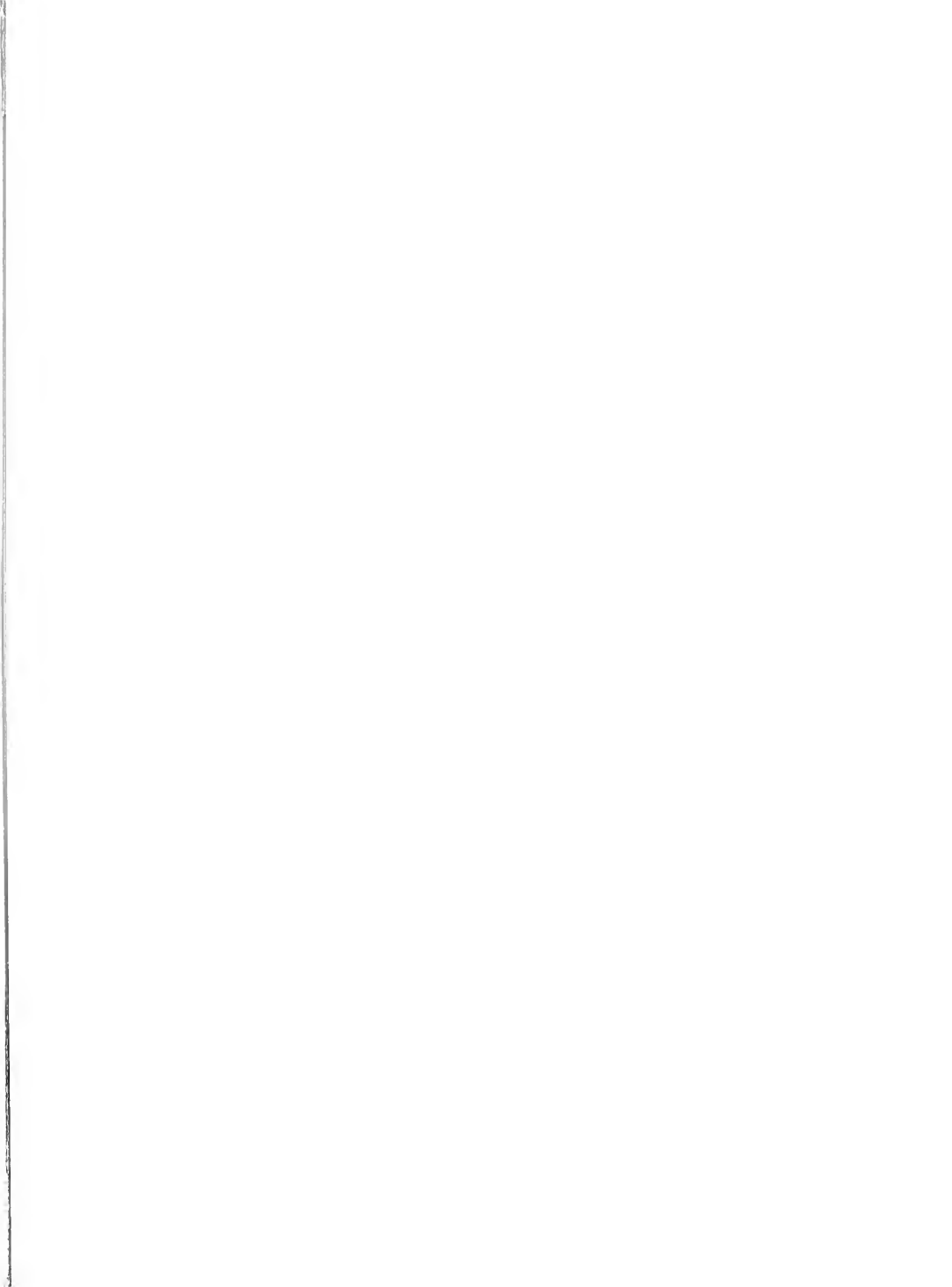
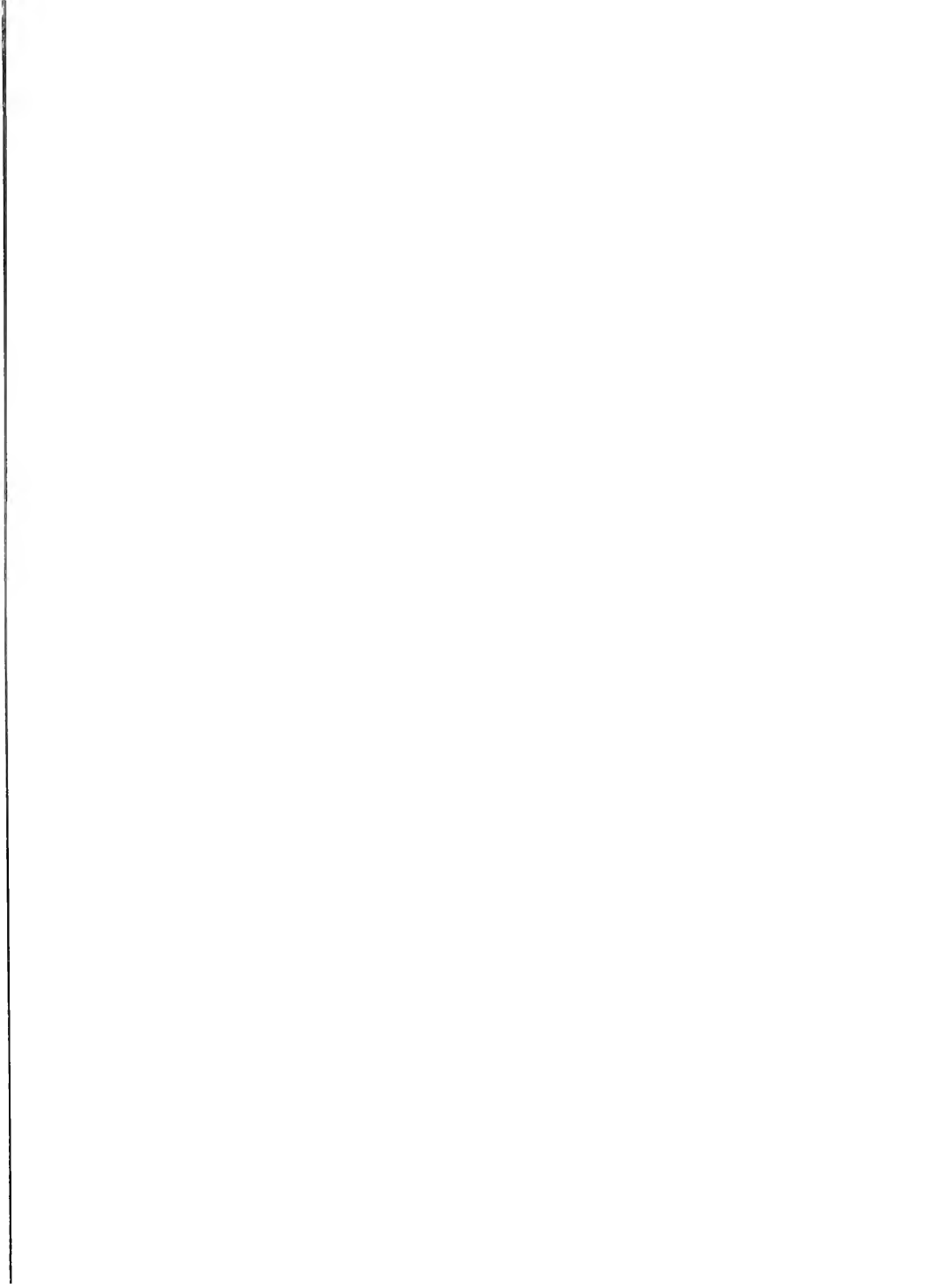


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bulletin

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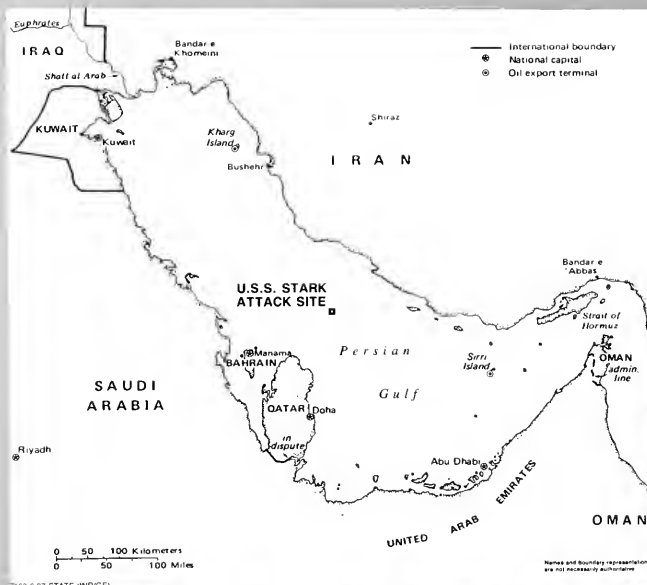


Arms Control/17

Japan/35

Persian Gulf/58

South Asia/75



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Japanese Prime Minister Nakasone.

(White House photo by Pete Souza)

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CONTENTS

President

Promoting Freedom and
Democracy in Central America

Secretary

Meeting the Challenges of
Change in the Pacific
Working for Peace and Freedom
ASEAN: A Model for Regional
Cooperation
News Briefing of May 8 (Excerpt)

a

African Development: An Admin-
istration Perspective (*John C.
Whitehead*)

s Control

Benefits of an INF Agreement
(*Secretary Shultz*)
Improving the Balance of Con-
ventional Forces in Europe
(*John H. Hawes*)
MBFR Talks Resume (*Depart-
ment Statement*)
U.S., Soviet Union to Establish
Nuclear Risk Reduction
Centers (*White House
Statement*)
Effective Arms Control Demands
a Broad Approach
(*Edward L. Rowny*)
Nuclear and Space Arms Talks
Open Round Eight (*Max M.
Kampelman, President Reagan*)
U.S.-Soviet Nuclear and Space
Arms Negotiations
(*President Reagan*)
U.S. Arms Control Initiatives: An
Update

partment

Challenges Facing the Foreign
Service (*Ronald I. Spiers*)
U.S.-Soviet Agreement on
Embassy Construction in
Washington (*Ronald I. Spiers*)

East Asia

35 Trade With Japan (*President
Reagan, Proclamation,
Memorandum, White House
Fact Sheet*)
37 Visit of Japanese Prime Minister
Nakasone (*Yasuhiro Nakasone,
President Reagan, Secretary
Shultz, Joint Statement*)
41 U.S. Policy Priorities for Rela-
tions With China (*Gaston J.
Sigur, Jr.*)

Economics

43 OECD Council Meets in Paris
(*Final Communiqué*)
45 World Trade Week, 1987
(*Proclamation*)

Energy

47 IEA Governing Board Meets in
Paris (*John S. Herrington,
Final Communiqué*)
51 Energy Security (*Message to the
Congress*)

Environment

52 The Environmental Agenda and
Foreign Policy (*Richard E.
Benedick, John D. Negroponte*)

Europe

56 Visit of French Prime Minister
(*Jacques Chirac, President
Reagan*)
57 NATO Nuclear Planning Group
Meets in Norway (*Final
Communiqué*)
57 31st Report on Cyprus (*Message
to the Congress*)

Middle East

58 U.S.S. Stark Hit by Iraqi Missiles
(*Richard W. Murphy, President
Reagan, Secretary Shultz,
White House and Department
Statements*)
61 U.S. Food Aid Program for
Lebanon (*Department
Statement*)
63 Meeting With Arab League
Delegation (*Secretary Shultz*)
64 The Persian Gulf: Stakes and
Risks (*Richard W. Murphy*)

Nuclear Policy

67 Nonproliferation and the Peaceful
Uses of Nuclear Energy (*John
D. Negroponte*)
68 Nonproliferation Agreement With
Allies (*White House Statement*)

Refugees

70 Refugees and Foreign Policy:
Immediate Needs and Durable
Solutions (*Jonathan Moore*)

Science & Technology

74 World Radio Conference
Concludes

South Asia

75 South Asia and the United States:
An Evolving Partnership
(*Michael H. Armacost*)

Western Hemisphere

80 The Spirit Behind the Monroe
Doctrine (*Elliott Abrams*)
81 Monroe Portrait Unveiled
(*Secretary Shultz*)
83 Central America: What Are the
Alternatives? (*Elliott Abrams*)
86 Pan American Day and Week,
1987 (*Proclamation*)
87 Proposed Sale of F-5s to
Honduras (*Elliott Abrams*)
88 Argentine Military Rebellion
(*White House Statement*)

Treaties

89 Current Actions

Press Releases

91 Department of State

Publications

92 Department of State
92 Background Notes
93 Foreign Relations Volumes
Released

Index



Promoting Freedom and Democracy in Central America

President Reagan's address before the American Newspaper Publishers Association at Ellis Island, New York, on May 3, 1987.¹

It's a great honor to be here with you on this, the 100th anniversary of your convention. The truth is, it's always a great pleasure to be addressing something older than I am. I'm beginning to feel right at home here in New York Harbor. Last year, of course, we celebrated another centenary—that of the Statue of Liberty—the generous lady who, for 100 years now, has stood watch over this gateway to freedom. It couldn't be more appropriate that, a year later, we gather here on Ellis Island to celebrate with all of you, the ladies and gentlemen of the fourth estate, who also have stood watch over our freedoms and who have been the guardians of our liberty.

You all know what Thomas Jefferson said of the press—that given the choice of a government without newspapers or newspapers without a government, he wouldn't hesitate for a second to choose the latter. Of course, Jefferson said that before he became President.

You know, it reminds me of a particular editor who just wouldn't admit to any mistakes ever in his paper. Everything in his paper had the weight of scripture. And then early one morning he received a call from an outraged subscriber who protested that his name was listed in that morning's obituary section as having died the previous day. And the editor said, "And where did you say you were calling from?"

Well, of course, presidents aren't always entirely objective themselves, like Harry Truman when he read the reviews of Margaret's recital. And then Bill Moyers likes to tell the story of one day at lunch with President Johnson. Bill was saying grace when Johnson belted, "Speak up, Bill, I can't hear a darn thing." And Bill looked up and said, "I wasn't addressing you, Mr. President." The fact is, if those of us in government and the press sometimes

think of ourselves as antagonists, it's only in the context of transitory events. The rush of daily business can obscure for us a deeper truth—that we're two complementary institutions, each drawing life and strength from the other and that together we hold the sacred trust of democratic government and freedom. The life and hope of liberty in an all-too-often threatening world—that is our solemn responsibility.

Mr. Jefferson also wrote that the truth of human liberty is self-evident, but he knew its success was anything but so. It was only the courage and the will of free men that gave freedom a chance, and, once established, it was only their continuing dedication that kept freedom alive and allowed it to prosper.

The Dream of Freedom

That dream of freedom has a special meaning to us today as we gather here on Ellis Island, beneath the gaze of Miss Liberty. It would be easy to come here and tell once more the story of those who have passed through these gates, to simply celebrate once again the freedoms Americans enjoy. But my job today is more difficult. It's not about those who came to this land, but it's about the dream that brought them here. Today, another people are in search of that dream, and theirs, too, is an inspiring story—one that must speak to the heart of all who came to this island and cherish the great lady of this harbor.

I speak of the people of Central America. And let me begin in 1981. I wonder how many remember that when we first drew attention to the crisis in El Salvador, we were met with an almost fatalistic acceptance of communist victory in that country—if not the whole region. Democracy, it was said, couldn't work in El Salvador: the people were too poor; they had no democratic tradition; they didn't want the chance for democracy that we offered; in fact, their sympathies lay with the communist guerrillas, we were told.

But then one day the silent, suffering people of El Salvador were offered a chance to choose for themselves—a national election. And despite the bullets, the bombs, and the death threats of the communists, the people of El Salvador turned out in record numbers, standing in line for hours waiting to vote—to vote for democracy.

Congressional observers in that national election told me of a woman who was wounded by rifle fire on the way to the polls because the guerrillas tried to keep the people from getting there. She refused to leave the line and have her wound treated until after she had voted. And the wait in the line was hours long. One grandmother, as she started to the polls, had been warned by the guerrillas that, if she voted, she would be killed when she returned from the polls. She told them, "You can kill me, kill my family, kill my neighbors, but you can't kill us all." That was the voice of Central America—the testimony of a people determined to be free.

The Threat to Freedom and Democracy

Much has been achieved since 1981. In a region in which military dictatorships have dominated society, democracy is taking root. A decade ago, only Costa Rica was a democracy. Today, Costa Rica has been joined by elected civilian governments in El Salvador, Guatemala, and Honduras—only Nicaragua remains a dictatorship. But while the trend toward democracy is unmistakable, the threat to freedom and democracy in Central America remains powerful because of Sandinista totalitarianism in Nicaragua. The aspirations of millions for freedom still hang in the balance.

The elected leaders of neighboring Central American countries understand this; they have personally told me this. They know the Nicaraguan regime threatens their own future and the stability of this hemisphere. They know that the establishment of a genuinely democratic system in Nicaragua—with the full, guaranteed liberties of free assembly, free speech, and free press—offers the only real hope for the long-term peace and security of the region. They know such a system provides a check and balance on any government, discourages militarism, and ensures the people's right to choose their own destiny. And that's why the views of our Central American friends and the aspirations of the Nicaraguan people are one and the same—the establishment of full,

popularly elected, legitimate democratic rule in Nicaragua. So what we seek for Nicaragua is simple enough: self-determination for the Nicaraguan people—the right to select their own leaders in free, fair, contested, and regularly scheduled elections.

The majority of Central Americans have made this choice. And I have come here today to say to you that the freedom fighters of Nicaragua are fighting for the same thing that the brave woman in El Salvador risked her life for: democracy—real democracy, rooted in sound, stable, democratic institutions and ensuring the full range of political liberties and human rights. And I have come here to say that the U.S. Government pledges to the American people what the freedom fighters have pledged to their own people: that our objective in Nicaragua is clear—free elections.

On the other hand, the Soviets and the Sandinistas have also made a choice, not for democracy, not for a free press, and not for free elections but for control through force. In 1986 alone, overall Soviet-bloc assistance to the Sandinistas exceeded \$1 billion. These Soviet shipments have made the small country of Nicaragua an aggressor nation with the largest military machine in Central America, threatening the security of the entire region.

The Challenge to the United States

Make no mistake: the Soviets are challenging the United States to a test of wills over the future of this hemisphere. The future they offer is one of ever-growing communist expansion and control. And this is the choice before Congress and our people—a basic choice, really, between democracy and communism in Nicaragua, between freedom and Soviet-backed tyranny. For myself, I'm determined to meet this Soviet challenge and to ensure that the future of this hemisphere is chosen by its people and not imposed by communist aggressors.

Now, I could go on for hours about our negotiations with the Sandinistas, the Contadora process, and the missions of my regional diplomatic negotiator, Philip Habib. But since those first negotiations back in 1979, in which the Sandinistas promised a democratic, pluralistic society, we've seen that these Marxists-Leninists never intended to honor those promises; we've seen them use negotiations time and again simply to delay, to manipulate world opinion. And that's why the choice remains the same: democracy or communism, elec-

tions or dictatorship, freedom or tyranny.

The debate in this country over Central American policy has been direct and tough—and, yes, even heated at times. While such debate is healthy, we all know that a divided America cannot offer the leadership necessary to provide support and confidence to the emerging democracies in Central America.

I do not think there's anyone in Congress who wants to see another base for Soviet subversion, another Cuba, established on American shores. And yet this is what is happening right now. It's not an issue on which all Americans must unite; it's simply too important to become a partisan firefight in the next election. If we cut off the freedom fighters, we will be giving the Soviets free hand in Central America, handing them one of their greatest foreign policy victories since World War II. Without the pressure of the Central American democracies and the freedom fighters, the Soviets would soon solidify their base in Nicaragua, and the subversion of El Salvador would reignite. The Nicaraguans have already infiltrated operatives even into Costa Rica, and they're simply waiting for the signal. Soon the communists' prediction of a "revolutionary fire"—it's their words—sweeping across all of Central America could come true. Let us not delude ourselves about the ultimate objective of the Soviets' billion-dollar war in Nicaragua.

There is a line attributed to Nikola Lenin: "The road to America leads through Mexico." I do not intend to leave such a crisis for the next American president. For almost 40 years, America has maintained a bipartisan consensus on foreign policy. The Democratic Party—the party of Franklin Roosevelt, Harry Truman, and John Kennedy—has stood in firm support of democracy and our national security. This is no time for either party to turn its back on that tradition or on the cause of freedom, especially when the threat to both is so close to home.

U.S. Policy Framework

The survival of democracy in our hemisphere requires a U.S. policy consistent with that bipartisan tradition. So today I want to describe the framework of the policy, a policy that begins with support for the stable, long-lasting democracy of Costa Rica and the democracies taking root in El Salvador, Guatemala, and Honduras.

Need for Additional Economic
ence. Many in Congress have
 and the importance of maintaining
 ant levels of economic aid to assist
 democracies. I couldn't agree more.
 why additional economic assist-
 must be approved for the four
 American democracies.

Continuing Diplomatic Efforts.
 close cooperation with our demo-
 crats in Central America is also
 and, and our policy is to continue
 in the past, diplomatic efforts to
 a lasting peace. Earlier this
 resident Arias of Costa Rica put
 a proposal aimed at achieving a
 settlement of the conflict in
 rra. At the center of his proposal
 sistance on democracy in
 rra. The United States welcomes
 iative and supports its general
 re. At the same time we have
 concerns which need to be resolved,
 larly on the sequence of imple-
 on. It's essential that any cease-
 negotiated with the full range of
 osition. It is our profound hope
 Central American consensus can
 hed soon and that a process
 toward freedom in Nicaragua
 forward.

gress has expressed its support
 efforts of the Central American
 acies to achieve a diplomatic
 to the regional conflict.
 e asked for an increased effort by
 ted States to examine ways for a
 al conclusion to the civil strife in
 ra. This Administration has
 supported regional diplomatic
 res aimed at peace and democ-
 hether it be through Contadora,
 n face-to-face meetings with the
 arty in Nicaragua, or through
 Central American initiatives.
 say right now that I will lend my
 port to any negotiations that can
 emocracy throughout Central
 ra without further bloodshed.
 u know, I recently received a let-
 ter by 111 Members of the House
 representatives calling for a major
 atic effort "designed"—their
 —"designed to achieve peace,
 y guarantees for all Central
 an nations, the promotion of
 ratic institutions, and the removal
 et and Cuban military personnel
 Nicaragua." While I do not endorse
 hing in the letter, I certainly join
 Congressmen in calling for the
 ion of freedom of the press,
 m of religion, freedom to assem-
 edom of speech, and free elections—
 hich are now denied by the
 iment of Nicaragua.

Our Senate passed, by a 97-1 vote, a
 resolution stating that a "durable peace
 is only possible within the context of
 democratic regimes committed to eradicat-
 ing extreme poverty, to establishing an
 effective means for equal opportunity for
 all elements of society, and free and
 periodic elections."

So, while Congress gets no argument
 from me in seeking a peaceful, diplo-
 matic solution in Nicaragua, you can see
 the key is democracy and that a majority
 in Congress clearly recognized this.
 That's why I strongly believe there is a
 solid basis upon which to build a common
 effort with Congress to resolve this con-
 flict in Central America. I plan to make
 every effort to work toward these goals,
 and I hope Congress will join with me.

Supporting Freedom Fighters. And
 that brings me to the third element in
 our policy—our commitment to, our support
 for the freedom fighters who have
 pledged their lives and honor to a free
 Nicaragua. This Administration's sup-
 port of the Nicaraguan freedom fighters,
 in their struggle for peace and demo-
 cratic government, will not change unless
 the regime in Nicaragua accedes to the
 democratic aspirations of the Nicaraguan
 people. Every day the Nicaraguan peo-
 ple are becoming more outraged by the
 repression of their communist rulers.
 The democratic Nicaraguan resistance,
 including the freedom fighters, today
 offers the only political alternative to the
 dictatorship of the past and the com-
 munistism of today. That alternative is
 democracy, and it's winning increasing
 support from the people of Nicaragua.

For as long as I'm President, I have
 no intention of withdrawing our support
 of these efforts by the Nicaraguan peo-
 ple to gain their freedom and their right
 to choose their own national future. In
 the next few months, I'll be asking Con-
 gress to renew funding for the freedom
 fighters. Again, I stress the danger of
 the course argued by some in the Con-
 gress: that the most expeditious route to
 peace in Central America is abandoning
 our commitment to the Nicaraguan free-
 dom fighters. Delays and indecision here
 at home can only cause unnecessary suf-
 fering in Nicaragua, shake the confidence
 of the emerging democracies in the
 region, and endanger our own security.

We've come a long way in these last
 7 years toward understanding the true
 nature of the Sandinista regime and its
 aggressive aims against its own people
 and its democratic neighbors in Central
 and South America. A new bipartisan
 consensus is forming, one that rejects all
 the old excuses. Last year, in an editor-
 ial entitled "The Road to Stalinism,"

The New York Times charged that the
 "pluralistic revolution" the Sandinistas
 promised is "hopelessly betrayed." Stated
 the *Times*: "Only the credulous can fail
 to see the roots of the police state now
 emerging."

And then my old friend, Tip O'Neill,
 in the wake of one of the Sandinistas'
 most blatant acts of aggression, declared
 that Daniel Ortega was what he had
 always said he was, nothing less than a
 "Marxist-Leninist communist," intent on
 provoking a "revolution without
 borders."

Well, now the question before the
 American people and the U.S. Congress
 is, "What do we do about it?" Well,
 despite almost universal acknowledg-
 ment of the brutal, totalitarian, and
 subversive intentions of the Sandinista
 regime, the renewal of aid to the free-
 dom fighters is still a debated question.
 But I think there's increasing recognition
 that the freedom fighters are the only
 ones who stand between the Sandinistas
 and their expansionistic aims; that they
 are the major obstacle to preventing all
 of Central America from being engulfed
 in the communists' "revolutionary fire";
 that the freedom fighters are the only
 ones who offer the hope of freedom to
 the people of Nicaragua and a chance for
 a stable and long-lasting peace in Latin
 America. They're worthy of our support.

So that's why the upcoming vote in
 Congress on whether to continue provid-
 ing support to the freedom fighters in
 Nicaragua may well be the most impor-
 tant vote our representatives cast in
 1987 and possibly one of the most impor-
 tant cast in their careers in public office.

The Call to Freedom

It's an important question for the press
 and media, as well. I can't help but note
 that in the new democracy of El Salvador,
 communist-supported guerrillas continue
 to try to bring down democratic rule.
 There's little or no media attention. Yet,
 just across a border in Nicaragua, the
 freedom fighters battle against a totalitar-
 ian communist regime and are assailed
 far and wide as lawless terrorists or
 worse. Forgive me, but the story needs
 perspective. And that perspective is pro-
 vided by the aggressive nature of
 Sandinista communism.

Today, the people of Nicaragua know
 from experience the reality of Sandinista
 communism: the brutality, the poverty,
 the oppression. And for that reason they
 know what we too often forget—that
 freedom is worth fighting for.

It's the same firsthand knowledge of
 oppression and yearning for liberty that

Meeting the Challenges of Change in the Pacific

Secretary Shultz's address before the Stanford University Cornerstone Centennial Academic Convocation in Stanford on May 14, 1987.¹

Our world is in the midst of dramatic change. International politics and the global economy are rapidly evolving into far more complex patterns of power and growth than any traditional East-West or North-South metaphor might convey. Familiar assumptions about economic development—and, by extension, military and political strength—are fast becoming outdated. We have to adapt to new ways of thinking about this new world.

We are, for instance, witnessing a quiet but steady shift of political and economic dynamism toward the lands and peoples surrounding the Pacific. Too many Americans tend to think of the Pacific rim as someplace “out there”—separate and distinct from us. But that sort of thinking is wrong. Our three countries represented here today—Canada, Mexico, and the United States—are at the very center of this process of Pacific growth.

It's not simply that our collective coastlines represent perhaps a quarter to a third of the geography of the Pacific rim. Our combined GNPs [gross national products] account for fully two-thirds of the total GNP of the region. The trade flows just between the three of us amount to well over \$150 billion a year—approximately 30% of the total trade between members of the Pacific basin. And, in recent years, the United States, Canada, and Mexico have together exported roughly \$75 billion annually to other members of the Pacific region, while we imported about twice as much from these other Pacific economies—over \$150 billion.

As a result of all this activity, new interrelationships are being formed between the societies and economies of North and Latin America, East Asia, Australia, and Oceania. The relative success—or failure—of this evolving Pacific community in encouraging further growth and stability will shape how our world will look and run well into the 21st century.

For our part, the United States is seeking to build upon our strong bilateral relations with individual countries of the area to encourage greater

regional cooperation. We believe that the countries of this Pacific region have powerful advantages working in their favor—although there is nothing automatic or inevitable about continuing economic success, political stability, or regional security. On the contrary, the dramatic nature of change in today's world makes complacency dangerous. Over the coming years, it will be increasingly important that, together with other Pacific rim nations, we seek to address the following challenges.

- How do we sustain the conditions necessary for continuing high levels of economic growth and for expanding our prosperity among the varied states that rim the Pacific?
- How do we maintain stability and security in the face of new political tensions and military threats?
- And how do we best support the further growth of democracy and freedom among the diverse and unique societies of the region?

Prerequisites for Continuing Economic Growth

Our world has already moved out of the industrial age and into an era characterized by new information technologies. Economic success is becoming less a function of rich natural resources or simple concentrations of labor and capital. More and more, growth and competitiveness will depend upon:

- The freedom with which a society can use and share knowledge;
- Its openness and receptivity to new ideas, goods, and services; and
- The ability of its economy to make the best use of rapidly changing technologies.

Some economies along the Pacific rim—beginning with Japan and now including Asia's “Four Tigers” of South Korea, Singapore, Taiwan, and Hong Kong—have achieved tremendous success in their own development. They have aggressively pursued a strategy of export-led growth, moving from the initial production of textiles and low value-added manufactures on to industrialized products of ever-increasing sophistication. But in doing so, they have depended, to a great extent, upon their

steels the brave Afghan resistance and gives them the courage to take up arms against the overwhelming might of the Soviet military machine; the same knowledge that inspires the brave Angolans and Cambodians, fighting long wars of liberation against their Soviet-backed oppressors; the same knowledge that drove the Grenadian people to embrace the American servicemen liberating their country and throw flowers in their path. And wasn't it something to see graffiti on the walls saying not “Yankee Go Home,” but when I was there, every place I looked, it was saying, “God Bless America.”

They were all responding to the call to freedom—a call that has a particular eloquence among these buildings, on this island where so many of our ancestors greeted the sight of Liberty with tears of joy. We hear the call of freedom in the work to which you've dedicated your lives, sounding clearly, proudly, every morning and evening in the pages of a free press. Tragically silenced in Nicaragua by the closing of *La Prensa*, we still hear that call in the brave voice of its publisher, Violeta Chamorro, who makes it clear that on the subject of freedom, the press can never be agnostic. She said, “Without liberty of the press, there is no representative democracy, nor individual liberty, nor social justice. . . only darkness, impunity, abuse, mediocrity, and repression.”

Well, that's the choice we face: between the light of liberty or the darkness of repression. When, after terrible voyages of sickness and hardship, our ancestors first spied Liberty's torch, they knew that light shone for them—“those huddled masses yearning to breathe free.” For those who've known only the bitterness of want and oppression, that torch burns especially bright.

Today, the light of freedom is our sacred keepsake, the promise of America to all mankind. We must forever hold its flame high, a light unto the world, a beacon of hope that extends beyond this harbor all the way to the jungled hills of Nicaragua, where young men are fighting and dying today for the same liberties we hold dear; all the way into the hearts of people everywhere who fight for freedom.

¹Text from Weekly Compilation of Presidential Documents of May 11, 1987. ■

to export into a vast and open market. Many, various less developed are now striving to duplicate this of export-led growth. These nations include the largest nation of the Pacific rim—China, which has vigorously embarked on its own program of economic reform and modernization. But at the same time, the more developed economies of the countries mentioned here—as well as Europe and Japan—are beginning to face their own problems of restructuring. New technology-based industries and services are supplanting their more traditional manufacturing processes and modes of international commerce. Consequently, the strategy of export-led growth—which worked so well in the recent past for the developed economies—is becoming less effective. Our rapidly changing environment and demand has slackened for many nations upon whose export earnings the less developed nations depend. Competition is widening and intensifying in the export of agricultural products, textiles, steel, and consumer electronics. And, in various ways, the efforts of many nations to expand overseas while maintaining barriers to protect their own domestic markets, are a stimulus to destructive protectionism everywhere.

We must acknowledge a simple truth: Every export represents an import to someone else. But this need not be a zero-sum game. As long as there is economic growth and the level of worldwide living increases, everyone gains. But a national economy cannot succeed as a net exporter at the same time. We face a major problem: if we pursue approaches to economic growth that are becoming less appropriate and a source of potential conflict, what should our development strategy involve? The steps must be the members of the Pacific community take in order to maximize their chances for a high volume of technological innovation, and to ensure prosperity for their peoples? The Pacific rim nations have to make difficult decisions needed to ensure fundamental market-opening steps across the board. Ironically, we tend to genuinely free trade in the face of increased competition are simply steps for eroding national competitiveness and slowing down economic growth. This is true for both the highly developed and the developing countries in the region. The protection of infant

industries or traditional sectors such as agriculture—an argument we hear so frequently—too often results in high prices and lower standards of living and resistance to new ideas and investment.

I'm happy to say that we are taking important steps toward greater economic openness among our three countries represented here today. At Prime Minister Mulroney's initiative, Canada and the United States have begun negotiation of a comprehensive free trade area agreement. This agreement would create the world's largest single market—and with it, an unprecedented opportunity to improve the competitiveness of Canadian and U.S. firms. Similarly, under President de la Madrid's firm leadership, Mexico has entered the General Agreement on Tariffs and Trade, more commonly known as the GATT. This action has demonstrated his government's willingness to undertake a major commitment to liberalize trade.

But beyond trade arrangements, the members of the Pacific rim also need to adapt their economic policies to reflect more accurately their own new status and responsibilities. In years past, a vigorous and open American economy served as the major engine of global growth. But in a world economy with increasingly diverse centers of productive capacity, the United States cannot continue to perform this function alone.

It is especially important that Japan move away from excessive reliance upon exports and to domestically led growth. Japan's leaders recognize this. During his recent visit to Washington, Prime Minister Nakasone clearly acknowledged the need to transform Japan's economic structure toward stronger domestic growth in order to put that country's external trade in better balance with the rest of the world. This is a difficult task—involving, among other actions, stimulating private consumption, reforming agricultural policies, facilitating greater housing investment, and building up Japan's public infrastructure. But these necessary steps will benefit not only the Japanese people but the Pacific community and the global economy as a whole. The addition of greater Japanese "pulling power" to world growth will be especially needed as the United States redresses its own trade imbalance over the next few years.

Korea and Taiwan can help as well by changing their own policies of restricted financial markets, closed import regimes, and managed exchange rates. This would enable them to encourage more vigorous domestic demand and

to undertake long-deferred improvements in the quality of life for their own people. Elsewhere in the region, much more should be done to encourage private investment and individual entrepreneurship. Experience shows, again and again, that the most vibrant economies are those that rely less upon efforts at centrally planned growth and more upon the inherent dynamism of the private sector.

There is, of course, much that we in the United States have to do as well. Our industries need to be flexible and creative in meeting the future demands of the marketplace. We have to resist energetically unwelcome efforts within the Congress to impose protectionist measures on trade. But, most especially, we, as a nation, must reduce our Federal budget deficit and encourage greater domestic savings and investment.

And, not the least, all of the Pacific nations have an important stake in working together to promote early and meaningful progress in the new Uruguay Round of the GATT multilateral trade negotiations.

And so, if we are to sustain continuing growth, if we are to reduce trade imbalances that are fueling pressures for protectionism, then the members of the Pacific community have to give greater emphasis in their policies to comprehensive macroeconomic measures and be determined in their efforts to open up domestic markets.

Strengthening Regional Peace and Stability

It will be just as important that we work to ensure the peace and stability within the Pacific that are so essential for economic growth. We cannot take this stability for granted. Despite its peaceful name, the Pacific is a part of the world with a long history of vigorous competition and periods of conflict.

One of the most encouraging developments of the postwar era has been the growth of constructive relations between former Pacific adversaries. This has taken place between the United States, Japan, China, Korea, and other nations.

Unfortunately, the Soviet Union and its client states in the region continue to show a readiness to exacerbate and exploit local tensions for their own ends. The decade of the 1970s demonstrated that these nations are prepared to use force to expand their control and influence over their neighbors. At the same time, there has been a massive buildup of Soviet nuclear and conventional forces in Asia.

More recently, we have seen expanded Soviet military operations out of their naval and air bases at Cam Ranh Bay and the supply of more sophisticated weaponry to North Korea. In light of North Korea's past attempts at subversion and aggression, the situation on the Korean Peninsula remains volatile. And a tragic conflict continues in Indochina as a result of the Vietnamese invasion of Cambodia and Moscow's support for Vietnamese regional ambitions.

The United States has reaffirmed its commitment to the continuing peace and security of the Pacific region. Together with our allies and friends in the area, we have worked hard to strengthen capabilities for self-defense. We have supported the member states of ASEAN [Association of South East Asian Nations] in seeking a political solution to the conflict in Cambodia that provides for the early withdrawal of Vietnamese forces and self-determination by the Cambodian people. We have fully backed the efforts of the Republic of Korea both to deter the threat of North Korean aggression and to establish a direct dialogue with Pyongyang aimed at promoting greater stability on the peninsula.

The global nature of the current Soviet SS-20 missile threat illustrates a vital point: these security issues, including arms control, cannot be considered as problems exclusive to any single region of the world—whether Europe, Asia, or the Americas. And, accordingly, we have strengthened our consultations with Japan, China, Australia, and other key members of the Pacific rim on all of these problems.

But genuine peace depends upon more than just a lack of external conflict. And so, it is important that we also continue to support an evolution toward greater democracy and the rule of law throughout the Pacific region. This is a matter for us of both principle and practicality. Experience proves that freedom and representative government are a means of ensuring political stability, economic growth, and peace among nations.

But democracy seldom comes easily. In the Philippines, for instance, President Corazon Aquino's government is grappling courageously not only with difficult economic and social problems but with a determined and vicious communist insurgency as well. Within the Republic of Korea, we urge that all parties—representing both the government and the opposition—pursue, with a common willingness to compromise, a serious political dialogue designed to

create a process of free and fair elections.

The diversity of the Pacific rim is a source of great strength, but it also means we will continue to see differing approaches to expanding political and economic freedom throughout the region. Various societies in transition will have to find their own paths toward political reforms as well as economic growth. In some—as in China today—there will be great difficulty in reconciling desires for greater individual freedom with traditions of highly centralized authority. In others—such as South Korea—there will be concern over the need to sustain hard-won but fragile peace and stability in the face of very real external threats. A peaceful evolution toward increased individual freedom in all of these societies can only come about in a way consistent with each people's history, culture, and with the realities of their political and security situations.

For our part, we should recognize the complex process of moving toward greater freedom and craft our policies accordingly. The United States believes that democratic rights and forms of government are both an incentive for and a guarantor of stability and growth. We will not be shy in saying so. We will not seek to meddle in the internal affairs of others. But, consistent with the basic dignities promised all individuals under the UN Charter, we will remain concerned about persistent violations of human rights, wherever and whenever they occur. We will encourage democratic political forces throughout the region.

Conclusion

These are daunting challenges—economic, political, and strategic—that the Pacific community faces in the midst of a rapidly changing world. We have our work cut out for us, and yet we have a great deal going for us.

First, we need to change the way in which we think and act about economic relations along the Pacific rim. For too long we have focused on bilateral trade balances. That's an inadequate, counterproductive approach. The Pacific nations need to reaffirm the shared political stake we all have in the expansion of an open and growing international economic order. This isn't solely an American responsibility or that of the Japanese or any other single nation. Every member of the Pacific community has an important contribution to make in preserving open trade and a growing world economy.

Second, we must redouble our efforts to reinforce peace and stability through the maintenance of a credible deterrent to the use or threat of force by expansionist states. In recent years, we have made important progress in doing so, working together with our allies and friends within the region. But our task is far from over. However, some might wish otherwise—as, for instance, some of our friends in New Zealand; declaratory statements of goodwill and so-called confidence-building measures that weaken strategic deterrence are not an answer. They won't close off opportunities for military aggression or reduce the temptations for political intimidation. We have learned from the bitter experience of the 1930s. It's only through strength and solidarity that democracies are able to convince expansionist powers that adventurism and excessive military buildups offer no rewards.

Finally, we should continue to encourage the spread of freedom, democracy, and the rule of law throughout the region. Representative government can't be imposed from the outside; it must come from within a society. It requires mutual tolerance, commitment to peaceful change, and security from external threats. The peoples of the various Pacific societies now in transition have the chance before them to work out their own solutions moving toward more representative political processes and institutions. We should make our position clear and fully support them in their efforts.

That's a full agenda. There will be no quick and easy answers. But I am bullish about our collective ability to meet the challenges—provided we act on them vigorously and with a sense of shared purpose.

This morning I had the opportunity to discuss these issues with my friend and distinguished colleagues here—Canada's Secretary of State for External Affairs, Joe Clark, and Mexico's Secretary of Foreign Relations, Bernardo Sepulveda. It was a very informal session with none of the usual diplomatic trappings—just sitting around in the Stanford sunshine; just good friends sitting down to talk frankly and seriously. I believe we all came away with a much clearer appreciation of the problems ahead and with a commitment to broaden our consultations as we seek to deal with these issues.

So it was a very useful morning. I was struck by the fact that this occasion of Stanford's centennial represented a very rare opportunity for the

Secretary of State and the Foreign Secretaries of our two closest neighbors get together as a threesome to discuss common concerns. As Mr. Christopher Warren Christopher, president of the Stanford University Board of Trustees] said, "it never happened before," and it shouldn't be a rare event. The very nature of our changing world, with the growing demands of interdependence, requires that the three of us do this more often—but not too formally and without the constraints of protocol. Perhaps we should just call ourselves

"the Stanford Trio" and get together unofficially under that name.

So that's my message for today: it's a time for rolling up our sleeves and getting down to work. But by tapping the energy and creativity of our respective peoples, the three nations represented here today have a great opportunity before us to build a more prosperous and secure Pacific community that will continue to set an example of progress for the world as a whole.

¹Press release 111 of May 18, 1987. ■

Working for Peace and Freedom

Secretary Shultz's address before the American Israel Public Affairs Committee (AIPAC) on May 17, 1987.¹

I hate to start on such a sober note, perhaps it is the right note, because I'm deeply honored to be here. You said first to be invited back twice, or maybe you said the first to be invited I accepted to come back twice. That's a difference. But I accepted, because I've gotten to know each other over the past 5 years, and I feel one of the greatest and best things that's happened in this job is the expansion of my staff, at the time, wide list of Jewish friends.

And so I've come here—and I have a lot of notes—but I'm not going to read anything to you. I've come here to talk to you as friends, informally but very seriously, about two related problems. One involves the world we have ahead of us and America's role in it. The other involves our role in the Middle East, especially in the light of recent developments. Both these problems are important to us as Americans, and they're both important to Israel. So let me talk to you for you, and I hope that I can help me with both of them.

5. Role in the World

First, the world ahead of us and the U.S. are in it: I think we are at a moment of great change in world affairs. There are many problems out there, and some of them have to do with the fact that we have a determined and strong adversary the U.S.S.R., an adversary with global scope. But basically, the situation is most promising for our system of values and for our pattern of interest.

So we should be engaged as never before in a sophisticated, energetic, and knowledgeable way, because there are problems, because we have adversaries, and because there are great opportunities. But just at this opportune moment, we are, I fear, in the process of drawing away—of drifting, stumbling, perhaps unconsciously—out of phase, I believe, with the outward-looking citizens of our country and their wide-ranging interests.

We have a winning hand, but we are not positioning ourselves to be able to play it. So that's problem one, and let me spell it out to you, and, as I say, this winning hand is held by us; it's held by Israel; it's held by the countries that believe in freedom, that believe in openness.

It's a changing world. We're moving into a new age, and it can be our age if we're willing to engage in it, because it's an age based on openness and freedom, on knowledge, on information that's widely shared and moves around, a genuine information age, knowledge age. So here are some of the things that I think we have learned that are going to characterize the world ahead of us if we play our cards right.

We have learned once again that freedom is the most revolutionary force in the world. We have learned how much people value democracy and the rule of law if only they have access to it, and we have seen how people all over the world are ready to resist totalitarianism. We have learned that freedom and economic progress are related. We see how well the market can work if we'll let it. People all around the world see that if you build your economy on incentives, on the market, on enterprise, you're going to be much better off.

The countries of East Asia have been a glowing example, but the message has been spreading to Africa. It's interesting to see the Chinese and the Soviets beginning to struggle with this problem because they see that a highly centralized, highly compartmented economic system is not producing. I have the impression that even Israel's getting the message—the market, incentives, private enterprise. We have learned about the power of information technology as we move from an agricultural age that's long since in our past, through an industrial age—the industrial age is over in this country—to an information and knowledge-based economy and society.

We can see right now that this kind of new technology has revolutionized financial markets. The only way to think about financial markets is in world terms. There is a world financial market, and it's open 24 hours a day. We have seen how the meaning of raw materials has been changed. Processes are being substituted for materials.

To take an example, in the telecommunications industries now, fiber optics are replacing copper at a very rapid rate. Fiber optics, in a sense, come out of the mind instead of out of the ground, and I could cite you a lot more examples. We see the implications across many areas, including agriculture, of biotechnology. Malthus is being turned on his head.

We also can see, as the gross national product of the world grows, that its distribution is spreading out, and we see that more and more countries around the world, or sections of countries even, have the economic size to give an account of themselves in some particular field. And, I might say, with the existence of deep ethnic tensions in many parts of the world—look at Sri Lanka right now with its Tamil insurgency; I use that example because it has nothing to do with East-West problems—we see religious fundamentalism which, among other things, has a tendency to be intolerant. So we see those things combined with the existence, very widespread, of weaponry that—even though it may not be the most sophisticated and up to date by the standard of our military or the Israeli military but was considered up to date 10 or 15 years ago—still can be very lethal and is widely available. So that has some big implications.

Facing Up to Opportunities and Challenges

So what are we doing as a country to face up to these opportunities and these challenges? Well, we have before had the experience of swinging from involvement to a kind of isolationism. I hope that's not happening to us, but let me tick off some of the danger signs to you.

Protectionism. A big one is protectionism, and we are riveted on various trade barriers which we must knock down. But, nevertheless, we have to agree, I'm sure, analytically that those trade barriers are not the source of our trade deficit. It has other sources. But look what protectionism will do. It is, of course, a threat to our economy and to the world economy. It also is a message about freedom, because if you say we believe in economic freedom except we're going to protect our markets, people wonder if you really do believe in it. And it has a strategic message, just as we saw before World War II when the world got compartmented by the extreme protectionism of the 1930s, and while this was not the cause of the war, it contributed. The object of political movement, military movement, strategic movement to break out of those boundaries was a contribution.

We should learn from the contrasts between what happened to us in the 1930s and its outcome and what happened to us in the post-World War II world, where some great statesmen, most of them from this country, convinced that we had to have international institutions that were better than what we had in the 1930s, put together a structure that opened trade, that had a world view, that recognized our economy was part of the world economy—which was much less so then than it is now—and for those efforts what we got was an expanding world, not just for us but including us and for everybody. Whereas we all know about the 1930s, and, of course, I don't have to remind this audience of the tragic consequences that flowed from a disengagement by the United States in the 1930s.

Apartheid. We also see abounding in this country a kind of self-righteous moralism which also leads to withdrawal rather than involvement. I'll stand here with anybody and denounce apartheid. There is nothing good to be said for it, at all. So we know what we're against in South Africa, and we know what we're for—a different kind of governmental structure where everybody has a chance to participate. But it doesn't make any

sense—I don't think—to say because we don't like it and we think there should be change, therefore we should disengage ourselves and go away. On the contrary, we should stay there. We should state our views. We should work for our views. We should be engaged, not throw up our hands in self-righteous moral indignation and leave, which is what is happening to us right now.

The Foreign Affairs Budget. Now, probably you knew I'd get around to money sooner or later. But let me tell you what is happening to our foreign affairs budget. This is the money that we use to support our security, our prosperity, our ideals; to fight terrorism; to fight drug trafficking; to represent ourselves around the world. Here's what's happened to it.

In the fiscal year 1985, the amount of money allocated to all those functions—all the security assistance and economic assistance all over the world, managing the State Department, the Voice of America, Export-Import Bank, and so on—was \$23 billion. In fiscal year 1986, it was \$19 billion. In the fiscal year we're now in, it's a little above \$17 billion.

The Congress is now jockeying around in the budget resolution process with numbers approximating \$16 billion. Now, there has been inflation here, and there has been a big decline in the value of the dollar over that period, so it doesn't go as far. And running through that is about \$8 billion that doesn't get cut at all. I'm not saying it should get cut. Personally, I support those items—most particularly, aid to Israel and Egypt.

But when you cut from \$23 billion to \$16 billion, and you have \$8 billion, say, going through as a constant, then everything else is brutalized. And we are in the process of depriving ourselves of the eyes and the ears and the hands necessary to represent ourselves, and it makes no sense in the kind of world I described to you—no sense at all. The changing world favors us, and that's good news for us, and it's good news for the world in general, and it's good news for Israel. The larger the democratic community of nations, the closer Israel's dream of a secure and peaceful existence. And the more influential and involved America is, the more effective a partner we can be for Israel.

Keeping America Engaged

So we have a winning hand, but will we play it? I don't want to have America turn inward, and I'm sure you don't want to see that either. You know that this is a

dangerous world. You recognize that the United States has enemies, that Israel has enemies, and that our adversary will be quick to exploit any signs of American disengagement from our international responsibility, so let's not do it.

Now we're never going to walk away from Israel or Egypt when it comes to the budget, but when we fail to meet our obligations elsewhere, it affects everything, including Israel. So you in AIIC have a big stake in keeping America engaged. As I have come to ask for your help to keep us on the right track, I want you to help us avoid a retreat from our global responsibilities, including our responsibilities in the Middle East. I cannot serve Israel's interest if America withdraws and the Soviet Union moves into the vacuum.

Today, America's support for Israel has never been stronger or more steadfast, and I promise you—I know the President would promise you, and it's a bipartisan matter in the Congress—that we will be working closely with Israel to see that this strong and steadfast relationship remains.

Last night I was in New York, and I made a few remarks about David Ben-Gurion, and I was honored there. And looking back, we can see that he knew what was basic. Israel had to be true to its roots, its religion, its heritage. Israel had to be a democracy, because it had to be free. Only a democracy could give tolerance and justice to the great diversity of the Jewish people that gathered in from all over the place to the new State of Israel.

Israel had to be strong, unwaveringly strong, because it would have to fight for its life—not once, but continually—and to endure, Israel had to set and work for peace at every opportunity. I think those were the basics that I plucked out of my study of Ben-Gurion, and I believe most people would identify them as fundamentals.

Prospects for Middle East Peace

So now there seems to be discussion of a possible new opening toward peace. I am going to spend some time with you looking at it from a U.S. point of view and saying, "Let's evaluate it," and ask ourselves, "What is making peace about?" Well, to me it's really simple. It's sitting down with people who want to make peace, and who are qualified and ready to negotiate. That's how you make peace. So you have to look for people who are qualified and ready, so let's ask a few questions.

Is the PLO [Palestine Liberation Organization] qualified?

audience response: No.

Secretary Shultz: Hell, no! Let's try it on for size. PLO?

audience response: Hell, no!

Secretary Shultz: You got it! Look at what they've just done. Their alliance involves the most violent and radical elements around, and they just put it together again. They showed once again that they don't want peace; they want the destruction of Israel, so they're not qualified.

Palestinians? Certainly, they have to be part of peacemaking. There are Palestinians who know that the only answer is through a nonviolent and responsible approach to direct negotiations for peace and justice. We have to continue to find them, help them, and support them.

How about the Soviet Union?

audience response: No. No.

Secretary Shultz: Could it be a constructive presence?

audience response: Hell, no!

Secretary Shultz: Yes. It could be. And there have been some interesting developments recently, *but* are they now constructive presence?

audience response: No.

Secretary Shultz: No. Look what they do. They encourage the PLO to turn ever more radical and rejectionist. They sign themselves with the worst terrorists and tyrants in the region. They refuse to reestablish diplomatic recognition to Israel. Their treatment of Jews and the practice of the Jewish religion in the Soviet Union is not acceptable by any standard, let alone the Universal Declaration on Human Rights and theelsinki Final Act, *to which they are bound by their own signature.*

We can all welcome the release of prisoners like Natan Shecharanskiy, but as I said, it is the first to say, the emigration of Soviet Jews is in no way proportionate to the desire and the right of Jews to leave. So if the Soviets want to be a part of the peace process, as they say, let them step forward and qualify themselves.

King Hussein has qualified himself. He is serious and committed to peace. He has rejected the rejectionists. He has stated his readiness to pursue—these are his words—“a negotiated settlement in an environment free of belligerent and hostile acts.” He has dealt straight-

forwardly with Israel. He has courageously established relations with Egypt, enhancing the welcome process by which Egypt's role in the Arab world grows even as Egypt solidifies its peace with Israel.

He has recognized that only bilateral, face-to-face negotiations can do the job. The name of the game is direct, face-to-face negotiations. He has shown great concern and solid support for the Palestinian people. He is for including Palestinians in the Jordanian delegation—not independent, include them with Jordan. And he has said that the international conference he advocates will not impose any solution or veto any agreement made by the negotiating parties. All this undeniably represents progress. We welcome it, and we are for it.

International Peace Conference Initiative

Now, let me say a little more, from the standpoint of the United States, what we are for and what we make of all this.

- First of all, we are for a strong Israel and for the strongest permanent link possible between the United States and Israel. We believe, among other things, that the underpinning of movements toward peace is to make it crystal clear to everybody that there is no military solution as far as the enemies of Israel are concerned. They can't get there that way.

- We are for, in the strongest terms, the Treaty of Peace Between Egypt and Israel. With the passage of time and serious efforts on both sides, that relationship, born of Camp David, represents the brightest hope for peace in the Middle East. Egypt is our friend, and we honor the role it has taken for peace and justice. I think we made a further step in the Taba agreement.

- We are for the President's September 1 initiative. It's not a plan; it's an initiative. That is our position, and we will take it to the table as our view; just as we recognize, when we get to those face-to-face negotiations, others will come with their own views and, no doubt, differing views. But that represents the view the United States will take unto that table.

- We are for the effort to achieve real improvement in the quality of life on the West Bank and Gaza. This program has made progress in recent years. It draws sustenance from the diplomatic activity in the peace process and contributes to creating an atmosphere in which negotiations can take place. And

we consistently stand for the principle that the only reliable way to achieve peace is through face-to-face negotiations between Israel and its Arab neighbors.

The United States believes it is important to explore all possible approaches to this objective, to see whether any of these approaches, including an international conference, would lead immediately to direct negotiations.

I might say we are also careful not to intervene in domestic Israeli politics. I have the highest regard for and the closest relationship with both Prime Minister Shamir and Foreign Minister Peres and, for that matter, many other Israeli leaders. We are working with all of them to reach an agreed position on recent developments, and I want to say that I know, knowing them all as I do, that all of them are dedicated to peace—*all of them are.*

Now, this Administration remains committed to helping Israel in its quest for peace and security, as we always have. That has been a steady, constant commitment of the United States, and it has helped time after time after time. We are still here—the same steady friends, working together with Israel and you on the basis of the same principles.

But important developments have, in fact, occurred that have led us, consistent with our established policies, to look carefully at the idea of an international conference. I say carefully, cautiously, skeptically, but, nonetheless, with open minds and willing spirits. The answers are worth working through, even if this idea fails, like so many others on which we have worked. No one should ever be able to claim that a failure to advance the cause of peace resulted from the lack of effort on the part of the United States. For any approach to warrant consideration, we would have to insist that, in addition to leading promptly and directly to face-to-face negotiations, it also would not interfere with, impose its will on, or veto work of the bilateral negotiating parties; include Palestinians in the negotiations, only in a Jordanian-Palestinian delegation; and require all of the negotiating participants to accept UNSC [UN Security Council] Resolutions 242 and 338 and to renounce violence and terrorism.

Now, sometimes in our policy about the PLO, we use the words: “and recognize Israel's right to exist.” Frankly, I cringe a little bit when anybody says that or when I say it, although it is part of our policy. Of course, Israel has a

right to exist. *It exists.* It has a right to prosper. It has a right to peace.

Now, if such a conference were ever to take place, only states would be represented and involved. They should have diplomatic relations with all of the parties that come to the table. And it should be clear that the right of any party to remove itself from the conference or the negotiations is there if such rules or understandings are not observed. Now there recently has been progress toward such a negotiating format, which would offer serious prospects of reaching an agreement between the parties on peace. So as far as we are concerned, we have to, as I said, look this over carefully, skeptically, but look it over. It may be that there is a genuine opportunity to bring about direct talks. If so, we have all been striving for that.

I might say, all across the spectrum of Israeli politics, there is a desire to have direct talks. Everybody is in favor of that. Once direct talks have been achieved, an important psychological obstacle would have been overcome, irrespective of the results. We have to insist that there is no predetermined result or plan, so each party can advocate its preferred approach, including the approach that is represented in the Camp David accords.

As far as the Soviets are concerned, it's impossible to know whether they want to be spoilers or whether they want to be constructive. I must say they couldn't do a lot worse than they're doing now—encouraging the PLO and the radicals to reunite. So we'll have to see about that.

And, of course, I think we also need to remind ourselves, as the statement I made at the outset underlines, that a lack of progress has its own dangers, including increased and deepening bitterness and the continued and potentially explosive tension that we know is there in the region. I believe that as we look at this—as I said, carefully and skeptically—we need to take out an insurance policy in terms of the close working relationship which is there between Israel and the United States; as long as we agree on that basic structure—and we're ready to walk away from the idea or walk away from a conference if it fails—then we can pursue this road without too great a risk. But we can only pursue it if we are able to do so in partnership with the Government of Israel, and we will make no moves unless we are assured of that.

So let me summarize the present initiative accurately. The President and I are not committed to an international

conference, and we are not asking others to commit themselves now to the idea.

We believe, however, that Jordan is sincere and that a real opportunity has been presented for progress. We are not interested in disrupting Israeli politics in the process. To the contrary, as I said, we will proceed only with the support of the Government of Israel. We have our own views, however, and we will state them in the same spirit in which we have worked with Israel for many years. We believe the present circumstances clearly call for a fair and thorough effort to develop an acceptable plan, however dubious we may be of the general idea. If no acceptable understanding emerges,

so be it. We will try again another way, but let us try. Let us use our ingenuity and courage so that we accomplish whatever progress toward peace is achievable.

Israel has fought many wars in its short history. Let us continue to do everything we can to avoid another while safeguarding forever Israel's security and prosperity.

The Secretary opened this address with a statement on the Iraqi missile attack on the U.S.S. *Stark*; for text see page 58. The statement and address, plus a question-and-answer session with the audience are printed in press release 109 of May 18, 1987. ■

ASEAN: A Model for Regional Cooperation

Secretary Shultz's remarks before the Wilson Center's seminar on the future of regional cooperation in Southeast Asia at the Smithsonian Institution on May 27, 1987.¹

I'm glad to speak under your auspices, because when I was at Princeton, my major was in what was then called the School of Public and International Affairs, later called the Woodrow Wilson School. So you see there is a certain affiliation here.

But I also wanted to take the occasion to say something in a somewhat formal way about the Association of South East Asian Nations (ASEAN), because of the fact that it has been around now for quite a while and has come to play quite an interesting part in international life. So the subject, of course, is particularly timely. I met with the ambassadors of the six ASEAN countries last week; I see some are here. I'm going out to the region, as you said, in a few weeks—as I have each year since I've been in this job; I feel it's a very important thing to do—and meet with the foreign ministers at their annual postministerial conference of dialogue partners. This time the meeting will be in Singapore. And, of course, I think it is very interesting to note that the ASEAN heads of government will meet for the first time in 10 years next December in Manila, a sign of the organization's vitality in its 20th year.

The member nations of ASEAN are rich in natural resources, but even richer in human resources. Their governments

support private sector entrepreneurship, growth, domestic and foreign investment, and an open world trading system. They take a constructive, creative approach to important world issues at the United Nations and in other forums. And as America's seventh largest trading partner, their economic policies have a significant impact on our own well-being.

Over the past 20 years, the membership of ASEAN have accomplished a great deal. But perhaps what is most impressive about ASEAN is its role as a prototype of pragmatic cooperation among nations of a given region. I think this is a very important point, because it seems to me, as we look at developments around the world, the notion of regional organizations, to my mind, takes on greater and greater importance. So today I'd like to review with you the evolution and significance of this remarkable institution.

As all of you know, international relations have traditionally been, and continue to this day to be, conducted largely in a bilateral context. But bilateral international relations have great limitations. Competition is built into the system, and too often its effects are destructive. Small countries are especially vulnerable to one-on-one relationships which inevitably highlight the strength of the larger and more powerful state. Even large countries feel the limitations of an exclusively bilateral international order, especially when they're drawn into the kind of local conflicts which are so endemic to our world.

Recognition of the problem inherent in uncontrolled competition has led to many attempts at multilateral international cooperation. The League of Nations and the United Nations are the latest experiments. Both of these are noble efforts at collective management of international problems, but each failed to meet the expectations of its members. The League couldn't prevent the outbreak of World War II. The United Nations has, at least, contributed to the prevention of another world war, but its limitations are obvious. In particular, despite a few local successes, the United Nations has not been able to do much to prevent regional conflicts.

The world has also seen efforts at regional international cooperation. One particularly successful example has been Western Europe's Economic Community. I don't want to go through the mad jumble of listing these organizations, but they've been created in virtually every region. Instead, I would like to discuss what I consider to be the best example of the more recent efforts at regional cooperation—the Association of South East Asian Nations.

ASEAN's Diversity

To appreciate how successful ASEAN has been, it's important to recall the diversity of its six member countries and its regional neighbors. Though they are small in size, it is hard to conceive a more diverse group of people than those of Southeast Asia. They speak hundreds of languages, belong to all the major religions of the world, and draw their features from many races. It is a truism that, even after independence, the links of the individual ASEAN countries outward from Southeast Asia to London, Paris, The Hague, and Washington were stronger than those among regional capitals.

The diversity of Southeast Asia has had adverse consequences for the people living there. Traditional conflicts arising from rivalries in the region were temporarily suppressed by the colonial powers, but they emerged after independence in new forms. The conflict we all know most directly, of course, took place in Indochina, especially Vietnam. However, we often forget how much trouble, and how much of it quite bloody, has occurred elsewhere in the region. Indonesia postponed the formation of Malaysia and sent soldiers into battle to back its challenge. Thailand and Malaysia both fought and defeated insurgencies which threatened to destroy their peoples' way of life. Indonesia found itself on the

brink of internal chaos. Singapore was born of political conflict with the Malaysian federation, and conflict with Malaysia deferred the independence of Brunei for more than 20 years. Territorial claims still sustain tension throughout the region, on land and at sea.

In this situation of active and potential turmoil, the foreign ministers of ASEAN's five original members met in Bangkok in August 1967 and proclaimed the establishment of the Association of South East Asian Nations. Their avowed goals were to promote economic growth, social progress, and cultural development in the region. Although one of the declared aims of the association was "to promote regional peace and stability through abiding respect for justice and the rule of law," the emphasis was deliberately not on political and security goals.

ASEAN's Strengths

However, the five members made a conscious effort, for the sake of ASEAN solidarity, to resolve, play down, or otherwise deal with bilateral political differences which plagued them at the time of the association's founding. In the course of doing this, an interesting thing happened. As rhetoric began to cool, political leaders met frequently and got to know one another better, and exchanges of people across a wide front accelerated. The tone of bilateral discourse improved, and serious cooperation was initiated. The pace of interaction picked up and gradually encompassed a wide range of subjects: economic policy, trade, energy, food, narcotics, tourism, journalism, education, culture, the military, the United Nations, and the Nonaligned Movement. ASEAN itself became more institutionalized, with new agreements signed and structures created almost every year. A sense of ASEAN community came to exist, gradually affecting the way these countries thought and felt about each other.

I might just inject parenthetically, however, that the ASEAN countries have nourished a kind of abhorrence of a bureaucracy, and I remember our meeting in Jakarta in the ASEAN building. It was rather proudly pointed out that they hadn't occupied it fully. Something different.

On the external front, the progress of the Vietnam war and the uncertainty of its outcome hindered for a time the development of a common ASEAN position on the conflict. However, the events of 1975 pushed ASEAN rapidly toward a

common stance for dealing with the threat posed by a militant, expansionist Vietnam. ASEAN's first reaction was to seek accommodation with Hanoi after the United States greatly reduced its role in Southeast Asia. Bangkok, Kuala Lumpur, and Manila all recognized the new Socialist Republic of Vietnam, and some even began small aid programs.

The 1978 Vietnamese invasion of Cambodia, however, rapidly changed ASEAN's position. Led by the Thai, who were now faced with a large Vietnamese force across a common border, ASEAN quickly developed a position of adamant opposition to Hanoi's occupation of Cambodia.

Despite some inevitable differences, ASEAN's members have steadfastly maintained a common position toward Vietnam's occupation of Cambodia. While they actively pursue a formula for negotiation, they keep military, economic, and diplomatic pressures on Hanoi as the best way to reach a negotiated settlement. Although some claim to see cracks in the foundation of ASEAN solidarity on this issue, I believe the association remains as firm today as ever. Perhaps the most important point in all this is the fact that the ASEAN nations have accepted primary responsibility for their own security in their own region.

Thus, the formation of ASEAN has been a vital force in smoothing traditional frictions; it has given its members the strength to stand up to challenges which might have overwhelmed them individually. ASEAN has by no means solved all of the questions faced by its members. But the existence of ASEAN has meant that Southeast Asia is a more peaceful, more stable, more prosperous place than most of us would have imagined 15 or 20 years ago. And in this peaceful, stable, and prosperous Southeast Asia, American strategic, political, and economic interests have flourished as few would have predicted in that difficult and uncertain period in the past decade when Hanoi's army took over South Vietnam by force and subsequently invaded Cambodia.

Potential Role Model

But the significance of ASEAN extends well beyond Southeast Asia. Hopefully, ASEAN's example will inspire nations in other parts of the world to form regional associations in order to solve common problems and exploit common opportunities. By promoting regional development and security, such associations can

serve the political, economic, and security interests of both the member states of the region and the United States. In this connection, the formation of the Southern Africa Development Coordination Conference (SADCC) is especially encouraging. And I might say we have suggested to them, "Why don't you go to Southeast Asia and go around and talk to the ASEAN countries and ask them how they operate that? Maybe you can learn something."

Similarities between the two organizations are striking. Both ASEAN and SADCC have a clearly identified security threat; they are increasingly turning to free market growth strategies; and they share a broad range of interests with the United States. The United States has launched an Initiative for Economic Progress in Southern Africa to assist SADCC's efforts at economic reform and development. We believe SADCC has the potential to become an African ASEAN, providing the economic underpinning for peace and development in southern Africa.

ASEAN and the United States

During the late 1970s and early 1980s, the ASEAN countries realized annual rates of economic growth which were the envy of developing and developed countries alike, averaging around 7%. This remarkable record of growth reflected in no small measure the remarkable expansion of trade and investment links between ASEAN and the United States, as well as the market-oriented development policies pursued by the ASEAN governments. Taken together, the ASEAN countries last year constituted our seventh largest trading partner in terms of total trade, even though that trade has contracted somewhat since its 1984 peak of \$26.3 billion.

Despite the continuing controversy over protectionist pressures in this country, we remain by far the largest and most open market for the ASEAN countries. Last year we took about 23% of ASEAN's total exports, and we buy far more of ASEAN's manufactured goods than does any other industrialized country. U.S. imports of ASEAN manufactures amounted to nearly \$9 billion in 1985, compared with \$1.8 billion in Japan's case. Think about that. We think about it. In addition to trade, U.S. firms became the largest source of direct foreign investment and technology transfer for ASEAN over the past

decade, with our total stake in the states of the association exceeding \$9 billion at the end of 1985.

People now must face up to the fact that the United States cannot continue to run the large trade and current account deficits which have emerged in recent years. As a result of exchange rate realignments, the process of correcting these imbalances is now underway. Make no mistake about it; our trade deficit will shrink dramatically, and this will have important consequences for the ASEAN countries as well as our other major trading partners. As adjustment occurs, our collective challenge will be to assure that the rebalancing of world trade and world demand occurs without impairing global growth or reigniting inflation. All nations will share in this challenge. Others must assume greater responsibilities as open economies and engines of global growth. If they do not, the gains of the past for ASEAN and all trading nations will be jeopardized, and the vast potential for future growth will go unrealized.

ASEAN's Future

ASEAN, therefore, faces major challenges as it seeks new ways of ensuring continued economic prosperity. Unfortunately, ASEAN has not yet made much real progress toward regional economic integration. Most of the national economies making up the association are at roughly comparable competitive levels of development and lack the complementarity that contributed to the success of the European Economic Community. ASEAN has given birth to programs meant to encourage cooperation and integration, such as the preferential tariff arrangement, ASEAN industrial projects, and the joint industrial venture project program. Nevertheless, the organization itself has recognized that these explicit cooperative programs have had relatively little impact. Intra-ASEAN trade, for example, has been fairly static for many years at about 15% of the total trade of the individual member states.

Such considerations have led the ASEAN governments to undertake some comprehensive soul-searching in preparation for the December summit in Manila to find ways of lending new momentum to ASEAN's economic character in its third decade. We wish them well in that search but recognize that it is for the ASEAN countries themselves, through their traditional

consensual process, to determine the pace and modalities of cooperation that best suit their needs.

Virtually every aspect of our diplomacy in Southeast Asia takes as premise the value of ASEAN's survival and growth. In this regard, the United States supports ASEAN's courageous stand against Vietnamese aggression in Cambodia and recognizes ASEAN's leading role in developing creative diplomatic approaches to resolving the destabilizing regional conflict. We coordinate closely and often on this issue: we are ready to lend support where we can. I meet with the ASEAN foreign ministers at least twice a year as a matter of course, once at their own annual meeting in Southeast Asia and once at the United Nations. We routinely deal with ASEAN as an organized group in many fora—at the United Nations, in commodity negotiations, and in the General Agreement on Tariffs and Trade (GATT). Most recently, for example, the ASEAN countries played a key role as moderate developing GATT signatories in getting the new round of multilateral trade negotiations underway. The U.S.-ASEAN economic dialogue provides a forum for discussion and resolution of a wide range of issues of common concern.

We, of course, also have strong bilateral ties with the individual members of ASEAN. This is most obvious in the case of the Philippines where ties of history and culture have created a special relationship. But it is true of the others as well. We have a strong alliance with Bangkok as well as Manila, and we maintain mutually beneficial military-to-military ties with the nonaligned members of ASEAN. We provide economic assistance to Thailand, Indonesia, and the Philippines. We have launched communications satellites for Indonesia. Singapore is a major port of call for American naval and merchant shipping. We are working with the Brunei Ministry of Education to build a new university. We work closely with the ASEAN states, but especially Thailand and Malaysia, in combating the scourge of drug abuse.

But our relationship with ASEAN is greater than the sum of our bilateral ties to its member states, greater precisely because of ASEAN's own regional dynamism and international stature. We are heartened by ASEAN's commitment to free economic and political systems that give play to the diverse talents of its people. This is one of its greatest strengths.

ASEAN has served its member states and their people well for 20 years. It remains an example of the positive energy that can result when nations put aside their individual differences for the sake of regional progress and security. We deeply value our partnership with ASEAN and look forward to close cooperation in the future.

Press release 119 of May 28, 1987. ■

News Briefing of May 8 (Excerpt)

Secretary Shultz held a news briefing at the Homestead in Hot Springs, Virginia, on May 8, 1987.¹

Q. From your perspective, what is the potential for serious disruption between Tokyo and Washington with respect to trade frictions that seem to have been focused on in the last 2 weeks?

A. The trade problem between the United States and Japan is a very serious one for both countries. I think there is no question about the fact that the deficit and their surplus must recede, if not turn around.

The question is not whether that will happen. The question is, through what process, and some processes are a lot more healthy than others. So that is really the issue. Both countries have a lot of work to do, but there must be a change in the situation. There's no doubt about it.

Q. Is one of the unhealthy practices a Gephardt-like amendment?

A. Yes, I think that would be the wrong thing to do. I was very glad to see the Senate bill and hear Chairman [Clyde] Bentsen talking about it just now and saying that he opposed that amendment. It's not on the Senate bill. I think that would be a great mistake because that saying that we should solve this problem by basically restricting world trade.

If we learn anything by comparing the 1930s with the post-World War II period, it is that the road to poor economic performance in the world, generally, if not a depression, is the road through protection. What the post-World War II world shows us is that as we manage to create a regime, sharply in contrast to the 1930s of more open trade

and more and more open trade through the successive rounds of negotiations, world trade flourished and along with the flourishing of world trade, all our national economies benefited tremendously.

Q. Could you give us a sense of prospects of some sort of major, substantive agreement coming out of the seven-nation summit next month to resolve the problems of coordinating economic policies?

Do you see, for example, the Germans and Japanese pledging to take some new steps to stimulate their economies and the United States pledging to take in some more substantive way than in the past to do something about its fiscal situation?

A. I'm not sure just what shape the discussion and possible outcome on coordination of economic policies will take. But the flow of discussion in those meetings, and it was highlighted last year, was to the effect that we live in a world economy and, therefore, the economic policy actions—key ones taken by the different countries—have a relationship to each other. So we ought to talk about them, and, to the extent possible, have some kind of coordinated action.

Just into what fields that will go and nailed-down it will be is always a question. Obviously, countries wish to maintain their own sovereign rights to control, for example, their money supply or other key economic variables.

Q. There was a perception, I think, in some of the financial markets with regard to the recent talks with the Japanese, of disappointment that the Japanese didn't announce more concrete steps to stimulate their economy.

Did the Administration share a certain sense of disappointment that the Japanese didn't go further than they did in terms of what they were doing to try to stimulate their economy?

A. I think the key will be in the follow-through rather than on the announcements. That is, what will Japan actually do to rearrange the structure of demand in Japan? That's the key question as well, of course, of the various market opening things that were discussed.

They have proposed a stimulation measure amounting to about \$35 billion of extra spending in their budget with the statement that that spending will be front-loaded. That's something that the Diet will have to deal with, and the

Prime Minister gave us a mid-summer's, or August, expectation on that, so we'll have to see.

They've talked about tax reform, including rate cuts, first, and they've talked about a kind of tax reform that changes somewhat the very large incentives to saving that exist in the Japanese structure.

Well, if you put all those things together, and they really happen, they could, over a reasonable period of time, make a substantial difference. So we'll have to see what the follow-through will be, and I hope that there will be a follow-through. I'm sure that there will be. It's a question of how much.

See, I think that to a certain extent people structure this question the wrong way. We tend to say, we have a big deficit and it's a problem, it will bring about protection; and, therefore, the Japanese, in order to avoid that kind of a world, ought to open their markets and do something about their big export surplus.

It's sort of as though Japan should do the world a favor by taking these measures, and in their own, so to speak, enlightened self-interest. I think the problem is different from that.

As I said earlier, we are going to see our trade deficit shrink. It wouldn't surprise me any. In fact, I think there's a certain logic to saying it has to turn into a trade surplus. And by the same line of reasoning, their trade surplus has to shrink drastically, and perhaps even turn into a deficit.

Why? It is because we are now accumulating a situation where the assets held by foreigners here exceed the assets that Americans hold abroad. And with reasonable assumptions about rates of return, what that means is that we will have a debt to service, so to speak.

How are you going to service it? You can service the debt for a while by adding to it. But, as people become concerned about the effective rate of return—that is, looking at the nominal rate of return and considering the exchange risk, and things of that kind—it gets more and more expensive for us to service that debt through adding to it. And so you have to service it somehow, and you wind up having to service it by a trade surplus.

It's almost like arithmetic, but it is a reality that will force its way into the economic processes through whatever repricing arrangements.

Now, when that takes place, and given the fact that Japan, in a sense, has exactly the reverse—the other side of

the coin—when that takes place, or in consideration of this—and we said this to the Prime Minister—what Japan has to realize is that their economy is exceedingly vulnerable. It is heavily dependent on the willingness of the world to take a gigantic excess of Japanese exports over Japanese imports—mostly the United States.

Now, when that stops, where does that leave the Japanese economy? Unless Japan does something about changing its savings investment ratio and its dependence on this export surplus, it's going to leave the Japanese economy in very serious trouble.

So it is in Japan's interest to change the situation just as it is very much in our interest to change the situation. These big imbalances are very unhealthy.

Q. What, in our view, would make the economic summit successful for the Administration? Would it be actually getting some agreement on the dollar or getting the economy to stimulate?

A. I don't think summits work that way, in the sense of getting some particular agreement. They are occasions where heads of state, and their relevant ministers—but heads of state, in particular, because the ministers are a lot together in one way or another—can talk to each other about leading problems and generate a more deeply shared sense of what is the problem and how to go about solving it. So that gives something to build on.

Then there are certain kinds of things that have been stated again and again. They do have an effect. The consistent opposition to protection that's come out of those summits—I think from the very first one—has been a contribution. It has tended to be a kind of "taking the pledge" in public and with each other. It hasn't stopped the growth in protection but it has inhibited it a lot. I'm convinced.

By the same token, the statements about the importance of coordination that have been made, and with more clarity in the Tokyo summit than before, undoubtedly helped in that process. There are also statements of a political sort that have impacted. At Williamsburg, there was an extremely important security statement. At the Tokyo summit, there was a very important statement about terrorism that specifically singled out Libya, and we've seen what's happened since that time.

So, I don't think you can set up a kind of a—five objectives and work up a score card. The process is more elusive than that, but I think, nevertheless, very important, and important right now because the world economy is threatened by these big imbalances. They have to be discussed and have a perception of what's to be done about them.

Q. Are you taking that view because the Germans feel very much that the United States needs to deal with its budget deficit, and that they're saying, look, we're not going to stimulate our economy because you need to deal with the U.S. budget deficit?

A. The process of getting at the problems of the world economy is, to a very considerable extent, a process of everybody taking a good look in the mirror.

At the Bonn summit, the statement that came out of it was very much of that sort. And I think that, just as I've been saying here, Japan has to take a good look in the mirror. So do we. You mentioned one of the big things we see when we look in the mirror. We see this gigantic deficit in our own fiscal accounts, and it is having a very bad effect.

Q. Do you have a view on the reappointment of Federal Reserve Board Chairman [Paul A.] Volcker? And have you talked with President Reagan about this?

A. No, I wouldn't want to comment on that. That's not for me to say. I don't know where that stands. But I have had the privilege of working closely with Mr. Volcker. When I was Secretary of the Treasury, he was Under Secretary. We have been good friends and colleagues, so I can only say that I have great admiration for him.

Q. To what extent, given what you said about trade and the need to talk looks in mirrors, to what is the policy to reduce the value of the dollar versus the yen a major part of our direction?

A. When I was Secretary of the Treasury, I happened to be in Tokyo once and my friend Mel Laird made some comments about the dollar here. I said, and it caught the headlines around here, "Tell Mel Laird to keep his cotton-pickin' hands off this subject," and I haven't changed my mind. So I'll keep my cotton-pickin' hands off. That's for the Secretary of the Treasury to say.

Q. Do you expect a summit with Mr. Gorbachev this year?

A. It's certainly a possibility. It remains to be seen. There's no date set for anything of that kind.

Q. Would that take place in the United States if it came to be?

A. Oh, yes. Yes.
Okay? I'm glad we had one foreign policy question.

Press release 103 of May 11, 1987. ■

African Development: An Administration Perspective

by John C. Whitehead

Address before the Carnegie Corporation on May 7, 1987. Mr. Whitehead is Deputy Secretary of State.

Appreciate the opportunity to participate in this retreat devoted to African development to present our views on several aspects of African development, particularly sub-Saharan Africa.

The United States has an interest in strong, healthy Africa which can be an effective partner strategically, politically, and economically. Let me cite just a few of our ties.

- One in eight Americans can trace their roots to Africa. Africa is, therefore, important to us in cultural and historic terms.
- Africa's 51 countries comprise most one-third of the members of the United Nations, the most cohesive voting bloc in the United Nations. These countries play an increasingly significant role in the formation of UN positions and policies in areas of great importance to the United States—on terrorism, for example, on human rights, on refugee affairs, and on Middle East peace talks, name just a few.
- Africa has vast hydroelectrical, agricultural, and mineral resources. Its current mineral production is essential to U.S. industry and commerce; it is virtually the only non-Soviet source of several strategic minerals.
- We have a strong interest in furthering democracy and human rights in Africa so that Africans can live in more peace and security.
- And, lastly, we have an interest in seeing that the countries of Africa succeed in their current efforts to move away from statist economic policies—such as have proven to be failures—toward market-oriented economies, which will provide a better basis for economic growth. Our goal is to help Africa help itself. This is one of the most important aspects of U.S. policy toward Africa. Possibly the most significant development in Africa in the past half-dozen years has been the growing recognition among Africans that they need to come to grips with the financial and human costs of misguided economic policies.

In countries beginning to take the first brave steps toward a reordered and reinvigorated economic process, these changes will not be easy to make and are not without political risks to the governments involved. But without solid economic policies and well-managed, market-oriented economies, Africa's development aspirations will not be realized.

Social Development

Economic development and social development go hand in hand. Let me touch on a few of the most important areas where the two intersect: population growth, health, and education.

Population. The current rate of population growth of around 3% a year threatens Africa with disaster. Should a burgeoning population outstrip economic growth, living standards will decline and the African environment will be further degraded as more and more people try to eke out a living from marginal land.

African countries have become increasingly aware of the burden which high population growth rates place on their resources. Many are beginning to develop national population policies. The United States has been supplying over \$20 million a year in family planning assistance to Africa, relying heavily on nonprofit, private voluntary agencies to deliver family planning products and services. Africa needs continued international support in this area.

Health. Africans have the lowest life expectancy in the world—50 years—and the highest infant mortality rate. These and other quality-of-life indicators have shown improvement in the past 20 years. But, clearly, there is a lot of room for further improvement.

Child survival clearly must have a very high priority. In 1986, over 2.5 million African infants under 1 year of age and over 8 million under 5 died. One African child in five will not live to see his or her fifth birthday. This is a truly tragic situation, one we must all work to correct through better health services, better living conditions, and education. This is a challenge for the Africans themselves. But here, too, they need and deserve our support.

Education. In many developing countries, improving educational quality and expanding access to education are among the best investments which can be made. In the context of health, education of women is especially important. Studies have shown that educated women are far more receptive to family planning and tend to be healthier. Healthier mothers are more likely to have babies who survive and enjoy good health. Lower mortality, in turn, reduces the incentive to have more children.

Unless Africa can accelerate its economic growth rate and reduce birth rates, education will be under tremendous pressure because the resources to educate the rapidly growing school-age population will simply not be available. In the 15 years between 1985 and 2000, the number of children in the 5-14 age group is projected to grow by 5% in the developed world; by just under 30% in Latin America and the Caribbean; but by as much as 60% in Africa.

While the need for increased educational resources is clear, the cost to these frail economies is very high. On average, African countries spend 20% of their national budgets on education. They would be hard pressed to spend more. Demand for education is already great and will continue to grow along with the size of the population. Here, as in the related areas of population and health, we need to work with African governments to meet growing needs.

AIDS

I also want to mention just briefly a disease which is afflicting the whole world—including the United States—and is becoming a threat to African societies: AIDS [acquired immune deficiency syndrome]. Although information on the incidence of AIDS in those parts of Africa that are most affected is fragmentary, it is, nonetheless, highly alarming.

Anticipating a trend that is now also increasingly apparent in the United States, men and women in Africa appear to be infected in equal proportions. Furthermore, in many areas of central and east Africa, the incidence of AIDS appears to be highest among young professionals. With Africa's younger, educated people threatened by this dreadful disease, it is emerging as an increasing threat to African economic growth and development. In response, more and more African governments are joining Western governments in launching public information campaigns to educate their people in how to prevent its spread.

This is a global problem and needs to be addressed at both the national and international level. In the United States, we have formed a National Commission on AIDS to deal with the problem in this country. AIDS will be on the international agenda for the Venice summit in June. The World Health Organization has taken the lead in developing and coordinating international AIDS programs in Africa, and these efforts will undoubtedly grow, as long as donor countries continue to support them.

Economic Development

Economic development is the key to combating these social problems. Greater prosperity can bring better education and improved health services. To encourage economic growth, we are emphasizing the importance of moving to open economies.

At independence, many African countries adopted statist orientations for their economies which inevitably led to economic distortions and a misallocation of resources. The urban population was subsidized at the expense of the rural population, and consumption was encouraged at the expense of investment. Governments and state-owned corporations borrowed heavily abroad, frequently to finance prestigious projects which could not be justified economically.

The disastrous results are all too apparent. Economies stagnated; agricultural productivity declined; and people migrated to the cities in unprecedented numbers, thereby increasing pressures for social services which the productive sectors could not support.

Africa took a major step forward last May at the UN-sponsored Special Session on the Critical Economic Situation in Africa. It was the first such UN special session to focus on the economic needs of one particular region; and it served to highlight the change in Africa's economic direction. At that session, African leaders acknowledged publicly that past statist policies had failed to produce the economic growth needed to improve the living conditions of their peoples.

At this UN special session, the Africans presented an action program which, among other things, included commitments to give priority to agricultural development and to undertake a variety of other economic, fiscal, and policy reforms. They also pledged to strengthen investment incentives, review public financing policies, improve

economic management, and encourage domestic resource mobilization and the role of the private sector.

Two-thirds of the sub-Saharan African countries have recently embarked on or are about to initiate major structural reform programs. Let me cite just a few examples.

Senegal has substantially increased agricultural producer prices, reduced subsidies, embarked on reform of its parastatal sector, reduced tariffs on industrial products, opened rice trading to the private sector, and raised utility rates to minimize the burden on the national budget.

Kenya has mounted a major stabilization effort, liberalized import licensing and maize and fertilizer marketing, and adopted a flexible exchange rate policy.

Somalia and Uganda have liberalized prices for a variety of agricultural products. They have been rewarded with large increases in agricultural production.

Guinea closed down its entire state banking system and allowed the establishment of three commercial banks.

Ghana has changed its financial policy so that interest rates, which used to be highly negative in real terms, are now positive.

Mozambique has undertaken a tough program of economic reform, including a sharp devaluation of its currency, lifting of many price controls, a reduction of tariffs, the privatization of more than 20 state enterprises, and enactment of a new liberalized investment code.

Zaire has launched one of Africa's most far-reaching and sustained economic stabilization and reform programs, abolishing most price controls, deregulating interest rates, eliminating almost all import restrictions, and drastically devaluing its currency.

Tanzania, after years of economic decline, reached agreement with the IMF [International Monetary Fund] and the World Bank in 1986 on a reform package correcting price signals to the economy, including a commitment to establish an equilibrium exchange rate, positive real interest rates by mid-1988, and liberalization of price controls.

These reforms are just beginning to bear fruit. We have seen important changes in consumption and income distribution patterns and rationalization of production patterns. Of course, there is much more to be done, but we are encouraged that many countries are seeing the benefits of letting the market work.

But this adjustment process is not without cost to the countries that are trying it. Reversing policy decisions made at independence in practice means

reducing, if not eliminating, the subsidization of the urban population at the expense of rural producers. Such belt-tightening strikes at the heart—and pocketbook—of urban elites; that is to say, the constituencies on which political power has been based—clearly a risky proposition for reformist governments. This is why it is so important for the United States to support our African friends as they try to implement the very reforms we have been urging them to adopt.

U.S. Response

Our government believes strongly that the continuing flow of U.S. assistance to Africa at significant levels is necessary to sustain the continentwide effort to abandon statist strategies, to embrace free market principles in their stead, and to attain international competitiveness. Consolidation of these trends would constitute a major American success and significant defeat for our adversaries not only in Africa but throughout the Third World. The economic bind in which most African states find themselves—the prevalence of one-party government and military regimes tend to promote search for radical solutions while creating low-cost openings for our adversaries, such as Libya and the Soviet Union. An African disavowal of statist has the potential, over time, to transform the African politico-economic landscape to the advantage of both African peoples and the United States.

Market economies and private sector development are now on trial in Africa as government after government feels the public outcry from the austere measures which, in most instances, are necessary, if unpleasant, accompanying economic reform. Our goal must be to keep our partners headed in the right direction and to demonstrate convincingly that it is the West, not the Soviet bloc, that is the natural and effective partner of African countries seeking development and modernize.

But instead of increasing support to Africa in these challenging times, the Congress has cut the amount of money available to further African development. In 1985, economic support fund and development assistance appropriations totaled \$762 million. In 1986, that total dropped to \$575 million—a 24% decline in 1 year. In 1987, we sustained a further 15% cut to \$486 million. This, in just 2 years, our economic and development assistance fell by over one-third.

These budget cuts have had a devastating impact on our ability to respon-

o Africa's critical needs. Let me illustrate.

- In 1985, we began a 5-year program to allocate \$500 million to support African economic policy reform: \$100 million a year. In the first year, we spent \$75 million on the program. This was reduced to \$48 million in the second year. This year, the third year, we have only \$27 million to spend.

- The "front-line states" in southern Africa are trying very hard to reduce their economic dependence on South Africa. In September, the President sent letters to Congress reiterating his intention to present a comprehensive multiyear program for the area. But unless the Congress approves our appropriations request, there will be no money at all to support the southern Africa economic initiative, and our aid to the area will actually fall.

For the fiscal year 1988, we have asked Congress to appropriate \$600 million for Africa. This level would partially reverse the precipitous decline of the previous 2 years and enable us to provide adequate support for development in many low income and financially strapped countries. While the authorization and appropriation processes are not yet complete, it appears that the Congress is determined to slash our budget gain. Unless there is a dramatic and rapid shift of opinion in the Congress, we will have to cut our economic assistance to Africa once again next year.

Bluntly speaking, we are fast approaching a time when our foreign affairs budget will only pay for assistance to Israel, Egypt, Pakistan, and Central America, with inadequate support for the base rights countries and withdrawal everywhere else. That is not an exaggeration. It means, among other things, no meaningful aid for Africa.

Secretary Shultz's recent comments on the implications of insufficient funding for the foreign assistance budget are worth repeating.

The President's foreign affairs budget might usefully be looked upon as a form of national insurance. In asking the Congress to devote only two cents out of every budget dollar to our foreign policy goals, the President has determined the minimum premium we must pay as a people to safeguard the peace and lead the free world. If we fail to pay these costs, we are gambling needlessly on our nation's future.

Conclusion

In summary, African countries face considerable challenges in the years ahead, despite the important strides they have

made since independence. While the major effort has to be made by the Africans themselves, we and other donor countries and institutions must continue to provide support. By its actions over the past few years, Congress appears to be saying that it is not willing to give this support.

The amounts involved are not so large. Our total foreign assistance budget is only two cents out of the Federal budget dollar. The amounts needed to support African countries, while important to them and to us, are only a small

percentage of this total. Our relations with friends and allies in Africa and elsewhere must demonstrate our commitment to a long-term partnership—a partnership which will bring people closer together, reduce suffering, improve standards of living, and generally enhance freedom and opportunity.

The United States stands for freedom, prosperity, and leadership. But we have to put our money where our mouth is or be content to abandon our friends and watch our dreams of world peace and freedom slip away. ■

Benefits of an INF Agreement

Following is Secretary Shultz's response, published in Time magazine May 18, 1987, to comments made by former President Nixon and former Secretary Kissinger.

The United States and the Soviet Union appear to be nearing an agreement on intermediate-range nuclear forces (INF). Such an agreement is not assured—our negotiators still have important work before them—but if it is concluded, it would constitute the first time in 25 years of U.S.-Soviet arms control talks that significant and verifiable reductions in any category of offensive nuclear weapons had taken place. Now some are questioning whether an agreement along the lines emerging would be in our interest. The Administration's judgment is that it would be decidedly so.

In the mid-1970s Moscow began to deploy the SS-20, a highly accurate missile with three nuclear warheads that could reach London in 12 minutes. The United States had withdrawn its last INF missile from Europe more than a decade earlier. In 1979 we and our NATO allies agreed that our objective in response to the SS-20s was to get the Soviets to pull them out. Failing that, we should counter these missiles with NATO deployments.

When, in 1981, President Reagan first proposed the zero option, a plan to eliminate longer range INF (LRINF) missiles, we had not yet deployed a single weapon of this type. The Soviets were not willing to bargain. In 1983 we proposed an interim agreement: equal U.S. and Soviet levels worldwide below NATO's planned deployment of 572

LRINF warheads. The Soviets still said no. By last October a sizable number of the U.S. missiles was in place.

At his meeting with the President in Reykjavik, General Secretary Gorbachev said he was now prepared for an interim agreement—a limit of 100 LRINF missile warheads for each side, all deployed outside Europe. This was consistent with the U.S. interim proposal, although key issues remained. Thus NATO's resolve may have brought us to the point of success.

To reach the equal levels, the Soviet arsenal would be reduced by more than 1,300 LRINF missile warheads and ours by some 200. For the first time since the 1950s, no Soviet LRINF missiles would be deployed in Europe. In Asia, Soviet LRINF warheads would be reduced by more than 80%.

Former President Nixon and Former Secretary of State Kissinger are concerned that such an outcome would render our overall deterrent capabilities more vulnerable. Others have expressed concern that it would lead to the "denuclearization" of Europe or the "decoupling" of the United States from its security commitments to the continent. These are avowedly the objectives of Soviet policy. We are not going to accede to them. But it is not necessary to abandon the quest for nuclear arms cuts to defeat these Soviet aims.

For two decades NATO's strategy of flexible response has depended on three elements: strong conventional forces in place in Europe, balanced nuclear forces deployed in support of allied forces on the continent, and U.S. strategic systems as the ultimate deterrent force. Today this doctrine is firmly established among Western allies, and we are determined to sustain it.

Even after an INF agreement, NATO would retain a robust deterrent. More than 4,000 U.S. nuclear weapons would still be in Europe, on aircraft that could retaliate deep into the Soviet Union, and on remaining missiles and nuclear artillery. NATO is planning or undertaking modernization of several of these systems. Also several hundred submarine-launched ballistic-missile warheads would remain available to the Supreme NATO Commander. Thus even after eliminating LRINF missiles, we could continue to discourage a Soviet attack without relying exclusively on strategic systems. Perhaps even more significant are our 40 years of shared political and defense goals, integrated command structure, technological know-how, and military preparedness. These factors, together with the continued deployment in Europe of more than 300,000 U.S. troops, inexorably link the United States to Europe in a way that will continue to deter Soviet adventurism on the continent.

We and our allies are working to meet the threat posed by the longstanding imbalance in conventional forces in Europe, both by strengthening our defenses and by discussing with the Soviets new conventional arms control talks that would cover the whole of Europe. But linking an INF agreement to conventional force reductions would distort the reason for the decision to deploy U.S. LRINF missiles in the first place. The intent was to offset the SS-20s or, preferably, to secure their removal, not to provide NATO's sole means of compensating for the conventional imbalance. This linkage would also mock our negotiators' persistent efforts to break the Soviet linkage between INF and SDI [Strategic Defense Initiative] as well as other issues, a tactic that stalled progress in Geneva and Reykjavik. To add a new demand now that an INF agreement be linked to conventional reductions, which will undoubtedly take many more years to negotiate, would be tantamount to introducing a "killer amendment."

One must ask whether we wish to deny ourselves the success we have achieved in the negotiations and leave Europe in the shadow of the Soviet SS-20s, with far more of them facing our Asian friends and allies as well.

Working with our allies, we have been careful to ensure that an INF agreement would be beneficial in its own right. We have insisted that it result in an equal outcome for the United States and the U.S.S.R., that it be global in scope and not simply shift the threat of

missile deployments from Europe to Asia, and that it be verifiable. If the Soviets meet our terms, we should not forego the benefits of such an agreement, even as we seek the stabilizing reductions in strategic offensive arms that are our highest priority and as we work to redress the conventional imbalance.

Improving the Balance of Conventional Forces in Europe

by John H. Hawes

Address before a National Defense University (NDU) symposium entitled "The Future of Conventional Defense Improvements in NATO" on March 27, 1987. Mr. Hawes is Deputy Assistant Secretary for Politico-Military Affairs.

I am pleased to have this opportunity to address the NDU symposium on "The Future of Conventional Defense Improvements in NATO." The topic is particularly timely. Ambassador [Assistant Secretary for Politico-Military Affairs H. Allen] Holmes, who was to have addressed this session, is in Brussels chairing an SCG [Special Consultative Group] meeting. They say the price of liberty is eternal vigilance. For officials of NATO, it also means eternal membership in the Pan Am Frequent Flyer Club.

You have gone into a lot of detail in 36 hours. I could not begin to recapitulate that effort. Rather, I would like to sketch a perspective on NATO conventional defense improvements as we look at Western security in the spring of 1987.

Opportunities and Pitfalls

This is a potentially promising moment. The Soviet logjam in Geneva may be breaking. Arms agreements which NATO has long sought may now be reached. We may see major changes in Eastern and Western forces. At the same time, the new Soviet leadership poses a new and more dynamic challenge. Patterns of competition are shifting. There are opportunities for the West, but also pitfalls.

NATO needs to exploit the opportunities to enhance stability and security. NATO must also avoid the pitfalls. To do both requires understanding. We cannot rely on partial or simplistic images.

We are on the right course toward the goal set by NATO. We should stick with it, collect our winnings, take pride in the success that NATO's steadiness has produced, and move on to further building of alliance strength and cohesion. ■

This is easier said than done. There was a cartoon last week which typified the problem. In the first scene, a U.S. arms control delegation proposes the removal of medium-range missiles from Europe. In the next scene, the Soviets accept. The last scene shows the U.S. delegates in consultation, supposedly shocked and at a loss for what to do next.

That cartoon echoes a lot of superficial commentary. It does not, however, reflect the facts. In the real world, the President immediately tabled a treaty. Far from being embarrassed, we move to nail down an LRINF [longer range intermediate-range nuclear forces] agreement at zero in Europe and 100 globally.

In the cartoon world, NATO minus LRINF is pictured as naked or "denuclearized" opposite heavily armored Soviet conventional forces. In the real world, we know better. We are constantly concerned with the Soviet conventional threat and the need to improve NATO forces—this conference testifies to that. But we know that decades of effort have not been without result. We know that the alliance deterrent triad, flexible response, and the U.S. commitment to Europe would remain unshaken.

That's more complicated and less funny than the cartoons. But it is just such complications that are the basis for understanding NATO's conventional defense problems. There are four factors we must weigh in considering the future of conventional defense improvements:

First, the nuclear/conventional interaction in doctrine, programs, and public perceptions;

Second, the implications of the conventional debate for trans-Atlantic and intra-European relations;

Third, the resources available; and

Fourth, the actual improvement programs.

The Nuclear/Conventional Interaction

Historically, weaknesses in NATO's conventional posture have—perhaps paradoxically—helped feed a vicious circle of public fixation on our nuclear forces. While alliance military experts have devoted time to conventional problems, publics have been bored with conventional force complexity, or convinced it is politically or economically hopeless, diverted (and not a little frightened) nuclear issues, which are far sexier for the media and the layman.

The upshot of this paradox is that conventional weaknesses, rather than stimulating public pressure for their remedy, may actually lead publics away from the hard issues.

Not all members of the public make this mistake. Many are aware of conventional issues and concerned with doing something about them. But often one finds that their concern is less motivated by the conventional balance itself than a desire to diminish nuclear risks. This is a noble goal which no one would question. It is shared by policymakers on both sides of the Atlantic. But it sometimes leads proponents to favor shoddy quick fixes." And it has never proven adequate to generate the impetus for serious conventional force improvements.

It may never be possible to free the conventional debate from the nuclear issue. But we should seek a treatment of conventional issues that is as objective as possible under the circumstances. A debate that depends on images of nuclear escalation to generate monies for conventional defense is not likely to be productive and has not been. Nor is a debate that regards the conventional problem as a derivative issue likely to tract long-term commitment.

Last November in Chicago, Secretary of State Shultz addressed conventional forces and nuclear weapons cuts, such as had been projected at the Reykjavik summit. His remarks, however, were not tied to a particular scheme but to the overall challenges of a less nuclear world. He noted the prospect of such a world had provoked anxiety—ironically, even the arguments nuclear weapons provoke. He said he was not signaling the end of the nuclear era, which will be with us for the foreseeable future. But he specifically urged new thinking on defense including, specifically, conventional defense improvement. Reviewing NATO thinking over several decades, he concluded:

Our reliance for so long on nuclear weapons has led some to forget that these arms are not an inexpensive substitute—mostly paid for by the United States—fully facing up to the challenges of conventional defense and deterrence.

The Trans-Atlantic Political Context

A second element of NATO conventional defense improvements is the political context between Europe and North America. The trans-Atlantic tie is both competitive and cooperative.

There are two subthemes of this trans-Atlantic context. One is the issue of burdensharing, with its corollary, the level of U.S. forces in Europe. The other is the nature of intra-European cooperation. Both themes go back to the beginning of the alliance.

The postwar withdrawal, and reintroduction, of U.S. forces reflected an enduring debate in the United States. We have seen it flare up again this winter, with renewed calls for U.S. troop withdrawals. As [U.S. Ambassador to the Federal Republic of Germany] Rick

Burt noted recently, such calls make no more sense from the right than from the left. We can and will rebut these suggestions. But we cannot eliminate the source of the tension. A recent poll found that a majority of Americans would go to war to help defend Europe. That is an encouraging sign of international responsibility. But it does not resolve budget problems or remove the burdensharing question from the agenda.

Similarly, the issue of intra-European cooperation has affected European/North American relationships, from initial EDC [European Defense Community] debates, to arms cooperation, to the variety of national participation in NATO activities.

In the best of worlds, the interaction of trans-Atlantic and intra-European politics should multiply Western forces. That happened at the founding of NATO and in the fight over INF. At times, however, interactions have been centrifugal. To some people, the most effective argument for European security cooperation is the alleged difficulty of working with Washington. Perhaps we should not quibble if NATO gets more

MBFR Talks Resume

DEPARTMENT STATEMENT, MAY 14, 1987¹

Today in Vienna the representatives of the North Atlantic alliance and the Warsaw Pact convened the 42d session of the mutual and balanced force reduction (MBFR) talks. Despite the continuing failure to reach a verifiable accord which would reduce and limit conventional forces of the two alliances in the critical region of central Europe, the United States believes that such an agreement is achievable.

Because of the NATO commitment to enhance stability in Europe through such an accord, the Western partners made a major compromise on December 5, 1985, to end the deadlock between the sides. The West withdrew its requirement that the sides agree on the number of forces of each side in the area prior to signing a treaty on reductions and limitations. To facilitate even further the possibilities of near-term progress, the NATO partners also consented to adopt the East's framework for a time-limited, first-phase agreement calling for initial

U.S. and Soviet reductions. This would be followed by a 3-year commitment by the sides not to increase forces in the region.

Regrettably, the Warsaw Pact has not reacted constructively to this major step by the West. The lack of responsiveness on the key issue of verification has been especially discouraging. This failure has been particularly disappointing in view of the expectations raised by claims of Eastern leaders since December 1985, including General Secretary Gorbachev, that they were willing to accept reasonable verification measures in the context of a conventional arms control agreement.

President Reagan has instructed his representative to the negotiations, Ambassador Robert D. Blackwill, to continue our effort to obtain Eastern agreement to the Western initiative of December 5, 1985. Such an agreement would serve the goal of fostering security and stability in Europe.

¹Made available to news correspondents by Department deputy spokesman Phyllis Oakley. ■

defense, even for the wrong reason. However, a negative political spin has its own costs.

The U.S. view of European collaboration has been ambivalent and, at times, counterproductive. That is not the intent of the present Administration. We support all efforts to enhance defense collaboration. We support WEU [Western European Union] revitalization. We are concerned only that intra-European collaboration not become stuck at the lowest common denominator; that it lead to more, not less, defense; and that it produce more, not less, clarity on security issues.

The Need for Adequate Resources

The third area to discuss is resources. In his November speech, Secretary of State Shultz underscored the West's advantages.

In any competition ultimately depending upon economic and political dynamism and innovation, the United States, Japan, and Western Europe have tremendous inherent advantages. Our three-to-one superiority in GNP [gross national product] over the Warsaw Pact, our far greater population, and the Western lead in modern technologies—these are only partial measures of our advantages. The West's true strength lies in the fact that we are not an ideological or military bloc like the Warsaw Pact—we are an alliance of free nations, able to draw upon the best of the diverse and creative energies of our peoples.

Commentators immediately said that is all well and good, but it is politically naive to expect democracies to allocate enough of that advantage to security. And an advantage which is only theoretical does not build tanks. They noted that defense budgets may shrink in real terms. They noted demographic changes and political constraints which make it difficult to sustain large standing armies. They noted the history of the burdensharing debate as an antidote to misplaced optimism.

None of these objections is false. But in their pessimism, they themselves constrict our options. It is often said we get the kind of defense we choose. And a preemptive narrowing of options leads to anomalies. People lament the conventional forces gap but wish to fill it only with nuclear weapons, then lament the dangers in nuclear weapons, agonize over imbalances in those weapons, and expect the Soviets to solve our problems in negotiations. That chain would be funny if it were not real. Breaking it requires a serious policy on conventional forces.

Improvement Programs

Which brings us to the fourth area: programs. There has been remarkable continuity in prescriptions. Despite fads, NATO concerns have been consistent.

- AD-70 looked at aircraft shelters, antiarmor capabilities, war reserve stocks, and air defense.
- The long-term defense program looked at readiness; rapid reinforcement; reserve forces and mobilization; air defenses; maritime forces; command, control, and communications; rationalization and standardization; electronic warfare; and tactical nuclear forces, as well as NATO's long-term planning mechanisms.

• The emerging technology program looked at systems for defense against first-echelon Warsaw Pact forces and Soviet operational maneuver groups; defense against follow-on forces; counterair operations; attacks on command, control, communications, and intelligence capabilities; and strengthened long-term planning.

• The conventional defense improvement program has looked at redressing deficiencies in munitions supplies and ammunition stocks; improved long-term planning; armaments cooperation and planning; infrastructure planning; better coordination in the areas of medium- and long-term force requirements, strategies, and doctrines; and the weapons acquisition and infrastructure programs.

These initiatives have brought NATO a long way. Programmatically, NATO has adapted to a dynamic threat. Politically, it has moved beyond debate over whether conventional forces need strengthening. Conventional forces are a central part of the agenda.

One of the reasons for continuity in prescriptions is the continuity of the Soviet challenge. Talk of the Soviet challenge produces sharp reactions. Some people brush aside analysis as mere "bean counting" and tend to downplay the military threat. On the other side, some people overdraw the analysis and attribute superhuman capabilities to the Soviets. Both views inhibit clear thinking about what needs to be done.

The task is to soberly evaluate the facts and the trends. On the negative side, the Warsaw Pact has kept and expanded its numerical advantage in almost every major weapons system. More ominously, the pact has reduced NATO's qualitative edge.

• The reorganization of Soviet air forces and the creation of theaters of military operations have significantly improved Soviet ability to conduct combined operations.

- The prepositioning of fuel, ammunition, and other logistics support with forward-deployed Soviet divisions has given the pact an edge in sustainability.
- The introduction of operational maneuver groups and Spetsnaz forces enhances capability for deep operation.
- The upgrading of equipment—for example, deployment of the T-80, the MiG 29/31, and the Mi-24 combat helicopter—augment combat firepower.

At the same time, the Soviets have a number of weaknesses.

• Despite trends, NATO still holds a qualitative edge in several weapons systems and in training and intelligence. Moreover, Western leads in underlying technologies—e.g., computers, sensors and optics—suggest we should be able to keep that edge.

• Second, Eastern Europe is a problem. Pact equipment is falling behind Soviet equipment. The reliability of Eastern European forces would be uncertain. And the overall political situation is delicate.

• Third, the Soviets face resource constraints. A command economy can allocate resources, but it cannot abolish need for tradeoffs, as, for example, between defense and industrial modernization. Demographic trends may also affect the armed forces and defense industries.

Looking at these strengths and weaknesses must give the Soviets pause. For example, they appear to believe new technologies have ushered in a revolution in warfare. From what Marshal Ogarkov—the former Soviet Chief of the General Staff and apparent current Commander of the Western Theater of Military Operations—and others are saying, the Soviets seem uncertain whether NATO's achievements in high technology have undermined the pact's ability to win conventionally. The object of NATO's conventional defense improvement is to sustain and increase that Soviet uncertainty.

A viable force improvement program must meet several tests: political consensus, resource feasibility, cost effectiveness, and military utility. Many proposals to improve NATO's conventional forces are unrealistic or impractical. There is no quick fix to NATO's problems; if there were, NATO would have adopted it long ago.

NATO, for example, is not going to place forward defense with heavily dense or dispersed defensive strategies. Nor is NATO going to radically change force structure or make unprecedented defense spending increases, or are members likely to subordinate commercial interests sufficiently to give major defense procurement wings.

NATO can, however, improve its conventional forces without drastic changes in strategy or force structure and with a reasonable application of resources. The alliance is headed in the right general direction: it needs to do what it is doing, only better and faster. This does not mean we relax. As in many fields, the real profits are at the margin.

Efforts To Achieve Balance

Two weeks, Secretary Shultz will go to Moscow for talks with his Soviet counterpart on arms control, human rights, and regional and bilateral issues. The meeting was set up by Soviet willingness to drop their artificial linkage with INF. We now have an opportunity to move the whole security agenda. Conventional forces are an important part of it. They have been on the agenda since the 1960s. But efforts have been either limited in scope—the CSCE [Conference on Security and Cooperation in Europe] Helsinki and the CDE [Conference on Confidence- and Security-Building Measures and Disarmament in Europe] Stockholm—or more ambitious but derailed, as in MBFR [mutual and balanced force reductions].

A new effort is now being explored in Vienna. No one can have any illusions at this will be easy, that the Soviets will cheerfully renounce superiority in tanks—or any other area of their conventional preponderance. But to the degree that NATO can sustain its defenses, the Soviet Union will have to recognize that cannot gain political or military advantage from its posture. At that point, reductions may become more attractive, and arms control can help structure developments toward the NATO objective of greater stability at lower levels.

Work on specific reductions proposals has just begun. We know what we do not like about the present situation—Soviet predominance in tanks, artillery, and other weapons and the offensive posture of forward-deployed Soviet forces. How, specifically, to deal with these problems is a subject of intense debate among the experts.

Past approaches tried to cut overall manpower. That's tough to verify and of limited military impact. We need more sophisticated approaches which can limit and reduce pact offensive capability by focusing on major equipment and combat units.

We also need to ensure that any arms control proposals are consistent with our conventional defense improvement effort—a type of coordination we have never achieved in the past. That is easier said than done, given long force planning cycles, national political processes, negotiating dynamics, and NATO consultation mechanisms. But our chance of getting enhanced stability at lower levels may depend on our ability to draw operational consequences from the truism that arms control and force planning are two sides of the security coin.

Conventional Balance and Public Opinion

The conventional balance is now on the public agenda. Last week I saw an opinion survey, entitled: "Europeans favor eliminating INF from Europe, but are reluctant to pay for stronger conventional forces." That's the nub of our issue today. Publics recognize NATO is on the verge of a major INF success. But many have trouble supporting the conventional corollary. The details are interesting. In all countries polled, people ranked conventional parity the most important element for national security. This outranked strategic parity or even INF. Publics split on whether the pact is ahead, equal, or behind. All countries had sizable minorities who would pay for increased conventional forces if that was needed to reduce nuclear weapons; but only one had a majority that would do so.

That's not discouraging. Indeed, in the light of historic debates, it is striking that, today, the need to deal with the conventional force balance is so widely accepted. The alliance needs to capitalize on that recognition. Our ability to do so, despite our problems, is better than Soviet ability to meet their challenges.

You know the story comparing generations of Soviet leaders? They are on a train, stuck at the end of the tracks in Siberia. What should they do? Stalin would shoot the peasants and use political prisoners to lay more track. Khrushchev would take track from behind the train and relay it in front. Brezhnev would close the curtains and rock slowly. Gorbachev would open the

windows and shout, "Move!"

Trite, perhaps. But it is good to know we are not alone with problems. We cannot belittle our difficulties—budgetary, political, or technical. But our methods of solving them, of getting our train moving, have typically been far more inventive than those in the story. They can be, because our societies and our politics encourage and make room for innovation.

The alliance has come a long way in 38 years. It has not run out of track. And it has not needed to open the windows and shout. Our windows have never been closed. NATO's deterrent reflects years of hard work and commitment to the ideal of common security. It is a deterrent comprised of many elements—some technical, some political, some flesh and blood. It grows, it evolves, and it endures. That is the context in which we consider the future of NATO conventional force improvements. It is a hopeful one and a realistic one. ■

U.S., Soviet Union to Establish Nuclear Risk Reduction Centers

WHITE HOUSE STATEMENT,
MAY 5, 1987¹

Yesterday representatives of the United States and the Soviet Union concluded 2 days of negotiations on the establishment of Nuclear Risk Reduction Centers. At these meetings, the sides reached agreement on the establishment of such centers, which agreement will be referred for final approval to the leaders of both countries.

The delegations were headed by Assistant Secretary of Defense Richard Perle and Special Assistant to the President Robert Linhard for the United States side and Ambassador Alexsei Obukhov for the Soviet side.

Agreement to explore the establishment of such centers was reached at the summit between the President and General Secretary Gorbachev in Geneva, November 1985. Senators Sam Nunn and John Warner played a particularly helpful role in the deliberations that led to the President's proposal.

The Administration welcomes this agreement as a practical measure that will reduce the risk of conflict between the United States and the Soviet Union, particularly nuclear conflict that might result from accident, misinterpretation, or miscalculation. This agreement complements U.S. efforts in the nuclear and space arms talks to reach agreement on

broad, deep, equitable, and effectively verifiable reductions in nuclear arms, as well as other U.S. efforts to achieve a more stable and secure international environment.

Text from Weekly Compilation of Presidential Documents of May 11, 1987. ■

Effective Arms Control Demands a Broad Approach

by Edward L. Rowny

Address at the U.S. Air Force Academy in Colorado Springs on April 27, 1987. Ambassador Rowny is special adviser to the President and the Secretary of State on arms control matters.

I would like to discuss with you some implications of Secretary Shultz's meetings in Moscow earlier this month with Soviet General Secretary Gorbachev and Foreign Minister Shevardnadze.

The Secretary traveled to the Soviet capital with a broad agenda in hand. President Reagan had asked him to press for improvement of relations between the United States and the Soviet Union with regard to four critical areas: bilateral affairs, regional conflicts, human rights, and arms control. On arms control, the United States wanted to discuss a wide range of topics, including nuclear testing, strategic and intermediate-range nuclear weapons, and conventional and chemical weapons. In the end, the most progress was made in the area of intermediate-range nuclear forces (INF). Even here, two formidable issues remain to be resolved before an agreement becomes possible—effective verification and global limits with equal deployment rights for shorter range INF (SRINF) missiles.

Before I discuss the newest developments in arms control, let me elaborate on why we attach so much importance to the first three "pillars" of the U.S.-Soviet relationship. A single sentence that comes closest to summarizing these thoughts is one that President Reagan often has articulated: nations do not distrust one another because they have weapons; they have weapons because they distrust one another. An arms control agreement will not ensure that we will have better rela-

tions. On the other hand, better relations will make the chances of achieving and keeping an arms control agreement much better.

"Four Pillars" of U.S.-Soviet Relations

This year marks the 70th anniversary of Lenin's rise to power and the establishment of the first modern totalitarian regime. Seven decades of devastating experience have taught the free world that there is no realistic way to seek to deal with any important aspect of international relations with the Soviet state without taking into account the entire spectrum of the attitudes and behavior of its Leninist leadership.

Thus, in seeking better U.S.-Soviet bilateral relations that would approximate the norms generally observed between civilized states, we must never lose sight of the goals and methods of their leadership. The Soviets' no-holds-barred espionage efforts against our Embassy is a hard but much-needed lesson that not much change has taken place in the Soviet Union. And, as was evident in Secretary Shultz's recent trip to Moscow, Soviet diplomatic style still displays a Leninist edge.

As examples, the Soviet Foreign Minister's spokesman suggested that Secretary Shultz had perhaps not been authorized to conduct serious business in Moscow. The Soviets also censored a small portion of the Secretary's remarks as he was being interviewed on a live Soviet television broadcast. As the Secretary spoke of the Soviet military occupation of Afghanistan, the Soviet interpreters abruptly stopped translating his words into Russian.

While the Secretary enjoyed an unparalleled opportunity to address directly the Soviet people, the partial censorship of his remarks about Afghan-

istan, of course, also dramatizes the Soviet leadership's attitude on fundamental rights and freedoms. The media in the Soviet Union are not independent as they are in the United States; they are organs of the state. Dissemination of private publications can be treated as a crime which carries a heavy prison sentence. Obviously, the Soviet regime cannot enhance its credibility with us when it suppresses the truth and propagates lies to its people.

To put matters in perspective, I should acknowledge that Soviet viewers were allowed to hear some uncensored remarks by Secretary Shultz that departed quite dramatically from the usual fare in the Soviet media. The fact that the Secretary was allowed to talk directly to the Soviet people for 30 minutes on their television is an example of General Secretary Gorbachev's recently launched campaign of *glasnost* or openness. Since last fall, some of the gestures of *glasnost* have included the release of more than 100 prisoners of conscience from incarceration or exile, including such courageous defenders of human rights as Andrey Sakharov, Iri Ratushinskaya, and Sergey Khodorovi. Repression of free expression in the art and in literature is also being somewhat loosened.

We can only hope that Mikhail Gorbachev's *glasnost* signals the beginning of a much greater easing of repression in the Soviet Union. But they have a long way to go. At this early stage we cannot with any prudence urge anyone to expect far-reaching reforms. The actions we have seen so far, welcome as they are, do not challenge the basic structure of the Soviet system. The law regulations, and secret police practices that send prisoners of conscience to the *gulag* have not been changed. Furthermore, the religious or political prisoners released were pressured to sign statements admitting that their activities had been "illegal." Stern antireligious laws remain in force, abuse of psychiatry continues, and bans on private organizations and independently published news and literature are still in effect. The one-party system and the central power of the KGB remain intact.

True Openness: A Key to Confidence in Agreements

I believe the most constructive stance that Westerners can take toward Gorbachev's *glasnost* would be to acknowledge it but not to praise too profusely what is, thus far, a very modest accom-

ishment. It would be premature and quite detrimental to Western security or us to make economic or military concessions to the Soviet state on the supposition that this would encourage more openness." I know from long experience that the Soviets simply do not act that way. I agree with Irina Ratushinaya who says "democratization" in the U.S.S.R. should be judged credible only when:

- All political prisoners are freed and the laws through which they had been punished repealed;
- Freedom of the press and speech guaranteed; and
- Soviet borders are opened to travel by Soviet citizens.

The need for the West to encourage reform of the Soviet system has more than merely moralistic implications. Andrey Sakharov remarked with great insight:

As long as a country has no civil liberty, no freedom of information, no independent press [he wrote], then there exists no effective body of public opinion to control the conduct of the government and its functionaries. Such a situation is not just a misfortune for citizens protected against tyranny and lawlessness; it is a menace to international security.

As a longtime student of the Soviet Union and a specialist in arms control, I can attest that if truly profound openings in the Soviet system were to come out, our confidence in Soviet compliance with arms control agreements could become greater. The Soviets can verify our compliance with agreements very simply because of the openness of our government, our economy, and virtually every other element of our society. The Soviet system offers no such inherent means for penetrating or preventing strategic deception by its totalitarian regime.

Soviet Expansionism's Conventional Wars

A third topic that must be taken into account in our relationship with the Soviet Union is its role in the world's so-called regional conflicts, where the people in a number of formerly non-ignited countries are struggling to gain their freedom from communist dictators. These beleaguered nations include Afghanistan, Cambodia, Angola, and Nicaragua. In Angola and Nicaragua, the Soviets and their Cuban proxies have been pouring heavy amounts of military assistance into the communist regimes' efforts to crush popular

resistance and consolidate their power. In Cambodia, the Soviet Union is heavily subsidizing Vietnam's military occupation. But the most chilling example is Afghanistan, where the Soviet Army itself is waging a furious war against civilians and armed freedom fighters.

For more than 7 years, the Red Army has occupied Afghanistan. Over 115,000 Soviet troops are in the country. Out of the prewar Afghan population of some 15 million, an estimated 4 million have fled to neighboring lands. Thousands of Afghan civilians have perished from aerial bombings and summary executions by Soviet forces and agents of the Soviets' puppet government in Kabul.

The Soviet war against Afghanistan presents a daunting example of the power of Soviet conventional and chemical forces and the unscrupulous manner in which the Red Army is willing to use them. According to reports by international human rights observers and a special rapporteur appointed by the United Nations, Soviet forces in Afghanistan have violated the 1949 Geneva conventions and international law which proscribe murder, mutilation, and the massive use of antipersonnel weapons. The Soviets have also violated the 1925 Geneva protocol by the use of chemical weapons in Afghanistan. Moreover, according to the annual report of the Assistant Secretary of State for Human Rights and Humanitarian Affairs, the Soviets have practiced torture in violation of the International Covenant on Civil and Political Rights.

Outlook for Reducing Nuclear Arms

For 6 years now, President Reagan has responded to Soviet arms control propaganda with patience and strength. His steadfast approach now has brought us close to concluding an agreement for deep reductions in intermediate-range nuclear forces. Last Thursday, April 23, negotiators resumed work in Geneva that could, if the Soviets are serious, result in a verifiable treaty on INF. We have indicated we could sign a treaty, as an interim step, which embodies the Reykjavik formula of reducing U.S. and Soviet longer range INF (LRINF) missile warheads to a global limit of 100 warheads, with none in Europe. Those remaining would be deployed in the United States and Soviet Asia.

Our final goal, however, remains the complete global elimination of all LRINF systems. Since weapons of this class are easily moved, their complete elimination will aid in ensuring effective verification.

Together with our allies in Europe and Asia we are studying the new Soviet offer presented in Moscow on shorter range INF missiles. It may be that we decide it would be best to retain small, equal numbers of residual SRINF weapons. Or we may decide they should be eliminated altogether, both in Europe and in Asia. As with LRINF, the U.S. principles for dealing with SRINF include globality and equality. These principles are cornerstones of our negotiating position, and the United States will not deviate from them.

While we welcome any reductions of intermediate-range missiles, Western security requires that we make progress in reducing other weapons as well, both at the strategic and conventional/chemical warfare ends of the spectrum. Since his Eureka speech in 1982, President Reagan has been repeating his call for deep, equitable, and verifiable reductions of strategic offensive arms. Finally, in 1985, at the Geneva summit, General Secretary Gorbachev agreed to seek reductions of these weapons by 50%. Last year at Reykjavik a formula was found for doing this which formed a basis acceptable to both sides. It, too, reflects the merits of the President's steadfast approach. What is necessary now is to push on toward agreement on other elements of an accord—particularly sublimits on particularly dangerous missiles and verification measures—that would make the agreement truly stabilizing and verifiable.

Earlier this month, in Prague, Gorbachev said the reduction of strategic arms was of paramount importance and called it "the root problem" of arms control. Yet, when he met a few days later with Secretary Shultz, he refused to drop his insistence that any reduction in offensive arms be linked to unreasonable restrictions on testing and development of strategic defenses. These constraints are not acceptable because they would cripple the U.S. Strategic Defense Initiative (SDI), our hope for a more stable deterrent which uses defensive systems. We need to challenge the Soviet leaders to get at the "root problem," the high levels of devastating weapons targeted against one another.

We also need to get the Soviets to deal rapidly and positively with conventional imbalances and a verifiable ban on chemical weapons. As we move to reduce nuclear weapons, we do not want to make the world "safe" for aggression or intimidation based on Soviet conventional superiority.

While we welcome reductions of LRINF and SRINF missiles, it should not be deluded into thinking that this precludes the need to reduce the central strategic and the conventional/chemical weapons threats as well. There is no objective reason why progress in these areas should not keep pace with progress in the INF area. We must press the Soviets to make progress across the board.

Verification will be our other major concern. It remains the Achilles' heel of any arms control agreement. This is not for lack of talent and resources in verification on the U.S. side—I have the highest respect for the professionalism and effectiveness of our officials responsible for monitoring Soviet activities. The concern stems from a realistic look at 70 years of the closed nature of the Soviet Union. This concern also stems from examples of internal repression, external aggression, and disregard for international law which I detailed earlier.

The President recognizes that the Soviets are masterful at 11th-hour negotiations. If we allow them, they will put off agreeing to the details of verification until the last minute. We must not permit a natural desire to reach an agreement to tempt us to take unwarranted risks with our national security. For this reason we will continue to insist that verification measures be negotiated concurrently with other aspects of the agreement.

Putting Competitive Advantage to Work for Western Security

Barring a profound and unexpected transformation of the Soviet system, Western confidence in new arms control agreements will have to be based not on trusting the Soviets but on trusting our own strength. The freedom of the Western democracies gives us tremendous competitive advantages over the stultified societies and stagnant economies of the Soviet empire. If we muster the full strength of our technological prowess, our political will, and—not least—our moral fiber, we can begin to make our defenses even stronger with less reliance on nuclear weapons. I would like to focus on three applications for these strengths.

- One is to complete our program of modernizing our arsenal. We need to complete the deployment of the full 100 Peacekeeper missiles, complete our submarine Trident D-5 program, and develop and deploy heavy bombers and cruise missiles emphasizing stealth technology.

- A second challenge is to proceed with President Reagan's Strategic Defense Initiative, toward a defense-dominant deterrence with less reliance on the threat of offensive ballistic missiles. The SDI program is founded on the moral and practical sense that while deterrence based on the threat of retaliation is necessary today, we can and should seek to move to a safer world in the future. Because they are fast-flying, nonrecallable systems, ballistic missiles are more destabilizing than other strategic systems. SDI offers great promise toward supplanting these systems as the central factor in the strategic balance between the United States and the U.S.S.R. By pursuing SDI, we can enhance U.S. and allied security by relying increasingly on defensive rather than offensive deterrence.

- Third, and analogous to SDI, I urge that the West apply its technological advantage to more vigorous pursuit of improved conventional defenses. The Warsaw Pact now holds a numerical advantage in a number of categories of conventional weapons and qualitative superiority in a few such categories. There is no reason this imbalance should be permanent.

Just as the Soviets want to prevent the full application of Western technological prowess to strategic defenses, they also have good reasons to respect the ability of Western scientists to exploit technology for conventional defenses. The leading military thinkers of the Soviet Union, including Marshal Ogarkov, former chief of the Soviet General Staff, have clearly seen that emerging technologies will change the way war may be fought in the future. They are uneasy in realizing that the free exchange of ideas and the mobility of capital and skilled labor found only in the industrialized free world make it extremely difficult for the Soviets to compete with us in the development of technology.

I support completely one of Secretary Weinberger's major themes, what he calls "competitive strategies." This theme involves the will to make the coming era of rapid technological change work to our advantage.

Thinking and acting confidently upon our competitive advantages is not merely a slogan. By no means is it simply an abstraction. After all, I see in front of me tonight several hundred of the proudest young competitors in uniform. The time now is very short before you will begin your service as officers in the U.S. Air Force. If you put

your talent and courage to work to the fullest, I know that the cause of peace and true arms control can be advanced with no weakening of our nation's defenses.

Finally, we should do some clear thinking about arms control. We should welcome any progress the Soviets are willing to make in the reduction of longer range and shorter range INF weapons. We should not assume that this is inevitable. Much hard negotiating remains ahead of us, especially in insisting that the Soviets agree in writing to their oral statements regarding verification. But we should not be satisfied with progress in this field alone. We must insist that progress is made in the reduction of strategic weapons, the correction of imbalances in conventional weapons, and a ban on chemical weapons. Only then can we say we are doing everything we can to create a more stable deterrence and a safer world. ■

Nuclear and Space Arms Talks Open Round Eight

PRESIDENT'S STATEMENT,
MAY 4, 1987¹

Since the early days of my Administration, our number one arms control objective has been the achievement of significant and verifiable reductions of offensive nuclear forces, particularly the most destabilizing weapons—fast-flyin ballistic missiles.

I have directed our U.S. START [strategic arms reduction talks] negotiator [Ambassador Ronald F. Lehman II] to intensify efforts to reach agreement on reducing strategic offensive nuclear arms by 50%. Toward that end, the United States will shortly table a draft START treaty text. This text will reflect the basic agreements on strategic arms reductions reached by General Secretary Gorbachev and myself in our meeting at Reykjavik last October. It will be responsible as well to Soviet concerns expressed subsequent to Reykjavik and will provide ample basis for the creation of a fair and durable START agreement.

Tomorrow marks the opening in Geneva of the eighth round in our negotiations with the Soviet Union on strategic arms reductions and strateg

defense issues. With the negotiations on intermediate-range nuclear forces (INF) having resumed on April 23, all three negotiating groups of the nuclear and space talks will now be underway.

We have made great progress in START. I am firmly convinced that a START agreement is within our grasp, even this year, if the Soviets are prepared to resolve the remaining outstanding issues. And most important among these issues is the need, for the purpose of ensuring strategic stability, to place sublimits on ballistic missile warheads.

We will likewise be making a new move in the defense and space area. Our negotiators return to Geneva ready to place on the negotiating table the new J.S. proposal which Secretary Shultz discussed during his Moscow meetings. This new proposal incorporates the following elements.

- Both the United States and the Soviet Union would commit through 1994 not to withdraw from the Anti-Ballistic Missile Treaty.
- This commitment would be contingent on implementation of agreed START reductions, i.e., 50% cuts to equal levels of 1,600 strategic nuclear delivery vehicles and 6,000 warheads, with appropriate sublimits, over 7 years from entry into force of a START agreement.
- The agreement would not alter the sovereign rights of the parties under customary international law to withdraw in the event of material breach of the agreement or jeopardy to their supreme interests.
- After 1994 either side could deploy defensive systems of its choosing, unless mutually agreed otherwise.
- To build mutual confidence by further enhancing predictability in the area of strategic defense, and in response to stated Soviet concerns, we are also proposing that the United States and the Soviet Union annually exchange data on their planned strategic defense activities. We also seek to have the United States and U.S.S.R. carry out reciprocal briefings on their respective strategic defense efforts and visits to associated research facilities, as we have proposed in our open laboratories initiative. In addition, we have proposed establishing mutually agreed procedures for reciprocal observation of strategic defense testing.

Since the April 23 opening of the INF negotiations in Geneva, there have been some new developments in these talks.

Last week, the Soviet Union presented a detailed draft INF treaty text which now joins our own draft text on the negotiating table. We are studying carefully the Soviet proposal and requesting the Soviets to clarify some important points in their text.

The Soviet proposal appears to reflect the agreements General Secretary Gorbachev and I made at Reykjavik on longer range INF (LRINF) missile limits and to accept the principle

of global equality between our two countries in regard to shorter range INF (SRINF) missile systems.

Nevertheless, important issues remain to be resolved before an INF agreement can be concluded, including verification and shorter range INF missiles. Verification is a particularly crucial issue. While the Soviet draft indicates that they will seek agreement in some basic areas which we require for effective verification, they have yet to provide the all-important details which

U.S.-Soviet Nuclear and Space Arms Negotiations

PRESIDENT'S STATEMENT. MAY 8, 1987¹

I have directed the U.S. START [strategic arms reduction talks] negotiator in the nuclear and space talks in Geneva to present to the Soviet Union at today's meeting of the START negotiating group a draft treaty which provides for 50% reductions in U.S. and Soviet strategic offensive nuclear arms. The text of the U.S. draft treaty reflects the basic areas of agreement on strategic arms reduction General Secretary Gorbachev and I reached at our meeting at Reykjavik last October.

Our draft treaty provides for both sides to reduce to 1,600 strategic nuclear delivery vehicles and 6,000 warheads, with appropriate sublimits, over a period of 7 years after such a treaty enters into force. It provides a solid basis for the creation of a fair and durable agreement.

The United States proposal, in addition to the overall limits, provides for specific restrictions on the most destabilizing and dangerous nuclear systems—above all, fast-flying ballistic missiles. It includes detailed rules designed to eliminate any ambiguity as to what is agreed, and extensive verification provisions designed to ensure that each side can be confident that the other is complying fully with the agreement. The treaty is the result of intensive work by all appropriate agencies of the U.S. Government. I have reviewed the treaty, and it has my approval.

By tabling this text, the United States seeks to build on the significant progress made in START and to provide

a vehicle for resolving the remaining differences. If the Soviets are prepared to work with us on the remaining outstanding issues, especially the need—for the purpose of ensuring strategic stability—for sublimits on ballistic missile warheads, we will be able to take a significant step toward a safer and more stable world.

While tabling this treaty is an important indication of our desire to achieve deep, equitable, and verifiable strategic arms reductions as soon as possible, I do not wish to minimize the difficult issues which remain to be resolved, particularly Soviet insistence on linking a START agreement to measures which, if accepted by the United States, would seriously contain SDI [Strategic Defense Initiative]. This is unacceptable. I cannot and I will not accept any measures which would cripple or kill our SDI program. In view of the continuing Soviet offensive buildup, combined with the longstanding Soviet activities in strategic defense, the SDI program is vital to the future security of the United States and our allies.

As we begin detailed discussion of our proposed treaty with the Soviets, we are resolved to do our part to bring about, for the first time in history, real reductions in strategic offensive arms. I hope the Soviets will demonstrate similar determination and work with us on the basis of our draft treaty to translate the areas of agreement reached at Reykjavik into concrete reductions.

¹Text from Weekly Compilation of Presidential Documents of May 11, 1987. ■

are essential to working out an effective verification regime. In addition, they have not met our requirements for inspection of sites suspected of violations of an INF agreement.

Another major issue is that of shorter range INF missile systems. We and our allies continue to insist that an agreement on these systems must be bilateral in nature, global in scope, concurrent with an initial INF treaty, and effectively verifiable. In addition, Soviet efforts to include the missiles of any country other than the United States and U.S.S.R. are patently unacceptable. We are continuing our close consultations with our allies in Europe and Asia on SRINF and other INF issues.

Our negotiators in Geneva—led by Ambassadors Max Kampelman, Mike Glitman, and Ron Lehman—have done an excellent job, and they continue to have very full agendas. We are well prepared for hard bargaining, and we are resolved to do our part to bring about—for the first time in history—actual reductions in nuclear weapons. It is up to the Soviets now to demonstrate similar determination to move ahead on these important issues.

Despite all the progress that has been made in Geneva, there are events occurring right here at home which could destroy the groundwork which we have laid so carefully in bringing the Soviets back to the negotiating table and getting them to negotiate seriously for the first time on deep reductions in our respective nuclear arsenals. An effort has been made by some members of the House of Representatives to attach to the Defense Authorization Bill amendments on arms control which would pull the rug out from under our negotiators and undermine our most vital defense programs—such as our Strategic Defense Initiative. And now it seems that some Senators want to move in the same direction.

Let there be no mistake about it: I will veto any bill which cuts back our ability to defend ourselves and leaves the Soviet Union free to continue its military buildup.

The United States remains fully committed to achieving deep, equitable, verifiable, and stabilizing reductions in the U.S. and Soviet nuclear arsenals.

AMBASSADOR KAMPELMAN'S STATEMENT, MAY 4, 1987²

Round eight of the nuclear and space talks begins tomorrow. The U.S. delegation comes to Geneva confident that our work during the past 26 months has been useful and important. We believe that significant progress toward historic arms reduction agreements can be made during this round.

The April 13–15 meetings between Secretary Shultz and Foreign Minister Shevardnadze have given significant impetus to our work here, just as have the November 1985 and the October 1986 meetings in Geneva and Reykjavik between President Reagan and General Secretary Gorbachev.

The INF negotiating group has been meeting under an accelerated schedule. These talks continued in special session for 2 weeks following the end of round seven and began here again on April 23. We submitted a draft INF treaty at the end of the last round, and the Soviets have given us their version in recent days. We are pleased that these talks have progressed to the stage of treaty-drafting. Much hard and painstaking work remains to be done. Ambassador Glitman and his group are prepared for it. Important issues have still to be resolved. They should not be underestimated. But we are committed to find solutions to these problems that are verifiable, deeply significant, and stabilizing. Our own security and that of our allies and friends are very much in the forefront of our objectives.

It is also appropriate here to emphasize an additional major goal toward which the American delegation will strive during this round. The United States attaches the highest importance to achieving a treaty providing for drastic 50% reductions in U.S. and Soviet strategic arms, a goal agreed upon at Reykjavik and again reaffirmed at the recent Moscow meeting. Such major reductions, carried out in a stabilizing manner, including appropriate sublimits, would significantly enhance the security of both sides. The strategic stability that would result would benefit the whole world. Agreeing on these reductions remains, therefore, a top priority of the United States in these negotiations and in this round. Noteworthy progress has been made in the

last year. Ambassador Lehman is determined to press forward in these STAR⁷ talks. We see no reason to hold them hostage to any other results in these negotiations. We are, therefore, preparing and will shortly table a draft treaty to expedite movement in these negotiations.

In the defense and space negotiating area, the United States is aware that both we and the Soviet Union are actively engaged in extensive research and exploration to strengthen our respective defenses against nuclear missiles. The Soviet Union, as is well known, has always put heavy emphasis on defense. Our task here in Geneva is to seek a cooperative transition from an offense-dominant military structure in the world toward a defense-dominant structure. A cooperative approach toward this task will help assure that the transition is a stabilizing one.

In sum, we have every expectation that this can be a fruitful round, provided there is genuine effort on both sides. The United States intends to make such an effort. We have every reason to hope that we will be matched by the Soviet delegation in that effort.

¹Text from Weekly Compilation of Presidential Documents of May 11, 1987.

²Max M. Kampelman is head of the U.S. delegation to the nuclear and space arms talks and U.S. negotiator at the defense and space talks. ■

J.S. Arms Control Initiatives: An Update

In conjunction with the ongoing nuclear and space talks (NST) in Geneva between the United States and the Soviet Union, as well as other current arms control negotiations, the Administration released on June 1, 1987, the following summary of the most recent U.S. initiatives on various arms control issues and a chronology of U.S.-Soviet arms control negotiations and expert-level meetings in 1986 and to date in 1987.

Strategic Offensive Forces

On May 8, 1987, the United States tabled at the nuclear and space talks in Geneva a draft START [strategic arms reduction talks] treaty text which provides for 50% reductions in U.S. and Soviet strategic offensive nuclear arms. The draft treaty, which reflects the basic areas of agreement on strategic arms reductions reached by President Reagan and General Secretary Gorbachev at Reykjavik last October, provides for 50% reductions by both sides to 1,600 strategic nuclear delivery vehicles and 1,000 warheads, with appropriate sublimits, over a period of 7 years after which a treaty enters into force.

The U.S. draft treaty, in addition to the overall limits, provides for specific restrictions on the most destabilizing and dangerous nuclear systems—fast flying ballistic missiles, particularly the Soviet heavy intercontinental ballistic missiles (ICBMs). To this end, we have proposed limits and sublimits on ballistic missile warheads, missile throw-weights, and heavy ICBMs. Our proposal also includes detailed rules designed to eliminate any ambiguity as to what is agreed, and extensive verification provisions—including onsite inspection—designed to ensure that each side can be confident that the other is complying fully with the agreement.

By tabling this draft treaty, the United States seeks to build on the significant progress made in START and to provide a vehicle for resolving the remaining outstanding issues, especially those he need—for the purpose of ensuring strategic stability—for sublimits on ballistic missile warheads. Unfortunately, progress has been delayed by Soviet insistence on linking a START agreement to measures which would effectively end the Strategic Defense Initiative (SDI). The United States will

not accept any measures which would cripple or kill the SDI program. Due to the promise it holds for a safer means of deterrence, the SDI program is vital to the future security of the United States and its allies.

The United States believes that the draft START treaty provides a solid basis for the creation of a fair and durable agreement to bring about—for the first time in history—deep reductions in the strategic nuclear arsenals of the United States and the U.S.S.R. The United States is ready to do its part to achieve such an agreement and hopes the Soviets will demonstrate similar determination.

Intermediate-Range Nuclear Forces (INF)

Western determination to adhere to NATO's 1979 "dual track" decision in response to Soviet deployment of SS-20s is now paying off. NATO's resolve to redress the INF imbalance through deployment of U.S. longer range INF (LRINF) missiles, while seeking to negotiate with the Soviets to reach an INF balance at the lowest possible level, has brought us to the point where prospects for a U.S.-Soviet agreement for significant reductions in INF missiles are bright.

On March 4, 1987, the United States tabled a draft INF treaty text at the NST talks in Geneva. The basic structure of an INF agreement—the nature and level of LRINF missile reductions—had been agreed upon by President Reagan and General Secretary Gorbachev last October at Reykjavik and is reflected in the draft U.S. treaty text. This calls for reductions to an interim global ceiling of 100 warheads each on LRINF missiles on U.S. and Soviet territory, with none in Europe. The United States and our NATO allies continue, however, to prefer a zero LRINF missile outcome—the global elimination of this entire class of missiles—and will continue to press the Soviet Union to drop its insistence on retaining the remaining LRINF missiles.

In response, the Soviet Union tabled on April 27 its draft INF treaty which reflects the basic agreements on LRINF issues made at Reykjavik. A number of key issues remain to be resolved. The most important of these issues is verification. Any INF agreement must

be effectively verifiable if it is to enhance stability and increase the security of the United States and its allies.

The United States has proposed a comprehensive verification regime to enhance compliance. The Soviets have noted that they will be seeking verification in some of the basic areas which we require, which Mr. Gorbachev accepted in principle at Reykjavik. These include, for example, data exchange, onsite observation of destruction, and effective monitoring of remaining LRINF inventories and associated facilities, including onsite inspection. However, they have yet to provide the needed details.

Another major issue concerns shorter range INF (SRINF) missile systems. We and our allies continue to insist that an agreement on these systems must be bilateral in nature, concurrent with an initial INF treaty, effectively verifiable, and provide for global equality. Soviet efforts to include the systems of any country other than the United States and the U.S.S.R. in an INF agreement are unacceptable.

Resolution of these and other outstanding issues will demand considerable hard bargaining. The United States continues to do its part to resolve these issues and move forward toward an INF agreement. It is up to the Soviet Union to show the same commitment to real progress.

Defense and Space Issues

During Secretary Shultz's April 1987 meetings in Moscow and subsequently at the NST talks in Geneva, the United States made a new proposal on defense and space issues. This new proposal incorporates the following elements.

- Both the United States and the Soviet Union would commit through 1994 not to withdraw from the Anti-Ballistic Missile Treaty.
- This commitment would be contingent on implementation of agreed START reductions, i.e., 50% cuts to equal levels of 1,600 strategic nuclear delivery vehicles and 6,000 warheads, with appropriate sublimits.
- The agreement would not alter the sovereign rights of the parties under customary international law to withdraw in the event of material breach of the agreement or jeopardy to their supreme interests.
- After 1994, either side could deploy defensive systems of its choosing, unless mutually agreed otherwise.

To build mutual confidence by further enhancing predictability in the area of strategic defense, and in response to stated Soviet concerns, the United States also proposed that the United States and the Soviet Union annually exchange data on their planned strategic defense activities. In addition, we seek to have the United States and the U.S.S.R. carry out reciprocal briefings on their respective strategic defense efforts and visits to associated research facilities, as we have proposed in our Open Laboratories Initiative. Finally, we have proposed establishing mutually agreed procedures for reciprocal observation of strategic defense testing.

Chemical Weapons (CW)

In April 1984, the United States tabled at the 40-nation Conference on Disarmament in Geneva a comprehensive treaty banning development, production, use, transfer, and stockpiling of chemical weapons to be verified by various means, including prompt mandatory onsite challenge inspection. At the November 1985 Geneva summit, President Reagan and General Secretary Gorbachev agreed to intensify bilateral discussions on all aspects of a comprehensive, global chemical weapons ban including verification. Since then, we have held five rounds of bilateral CW treaty talks. A sixth round is anticipated in the summer of 1987.

Although the bilateral treaty discussions have narrowed some differences, and the Soviets finally admitted in March 1987 that they possess chemical weapons, important differences remain on a number of key issues. For example, on the crucial issue of verification of treaty compliance, the United States calls for mandatory "challenge inspections" to investigate suspected violations. The Soviets still insist that acceptance of challenge inspection be voluntary. Although they recently indicated that mandatory challenge inspection procedures could apply to certain limited cases, they continue to insist on a right of refusal that would weaken a CW convention and increase the possibility for cheating.

In addition to treaty discussions, we are working with allies and other friendly countries and with the Soviets on preventing the proliferation of chemical weapons. Primarily in response to the continuing use of chemical weapons in the Iran-Iraq war, the United States and 17 other Western industrialized countries have been consulting since 1985 to harmonize export controls on CW-related commodities and to develop

other mechanisms to curb the illegal use of chemical weapons and their dangerous spread to other countries. Also, in the two bilateral meetings with the Soviets in 1986, we reviewed export controls and political steps to limit the spread of chemical weapons.

Nuclear Testing

The United States is fully committed to seeking effective and verifiable agreements with the Soviet Union on nuclear testing limitations. To this end, the President has proposed a practical, step-by-step process. He has proposed that the United States and U.S.S.R. begin negotiations on nuclear testing. The agenda for these negotiations would first be to improve verification provisions of the existing Threshold Test Ban Treaty and Peaceful Nuclear Explosions Treaty. Once these verification concerns had been satisfied and the treaties ratified, the United States and U.S.S.R. would immediately engage in negotiations on ways to implement a step-by-step parallel program—in association with a program to reduce and ultimately eliminate all nuclear weapons—of limiting and ultimately ending nuclear testing.

The United States has made concrete, practical proposals to make progress on nuclear testing limitations. In July 1985, the President invited Soviet experts to come to the U.S. test site to measure the yield of a U.S. test, bringing with them whatever equipment they deemed necessary. In December 1985, he proposed a meeting of official U.S. and Soviet technical experts to discuss verification. In March 1986, he invited Soviet experts to come to Nevada to examine the CORTEX [Continuous Reflectometry for Radius versus Time Experiment] method for yield measurement, to receive a demonstration of the CORTEX system, and to measure a U.S. test.

Finally, in the summer of 1986, the Soviets agreed to have experts from both sides meet to discuss without preconditions the broad range of nuclear testing issues. The experts met in Geneva in July, September, and November 1986, and January and May 1987. Discussions have focused on verification techniques—CORTEX in particular—as well as the agenda for formal testing negotiations. During Secretary Shultz's April trip to Moscow, he and Soviet Foreign Minister Shevardnadze agreed that the experts should explore joint verification activities which might help evaluate the effectiveness of verification techniques.

Conference on Confidence- and Security-Building Measures and Disarmament in Europe (CDE)

The 35-nation Stockholm CDE conference adjourned September 22, 1986, with the adoption of a set of concrete measures designed to increase openness and predictability of military activities in Europe. These measures, which are built around NATO proposals, provide for prior notification of all military activities above a threshold of 13,000 troops or 300 tanks, observation of military activities above a threshold of 17,000 troops, and annual forecasts of upcoming military activities. The accord also contains provisions for onsite air and ground inspections for verification. Although modest in scope, these provisions are the first time the Soviet Union has agreed to inspection on its own territory for verification of an international security accord.

Bilateral Confidence-Building Measures

On May 4, 1987, U.S. and Soviet negotiators reached agreement on a draft joint text to establish Nuclear Risk Reduction Centers in their respective capitals. This agreement, which is the direct result of U.S. initiative, is a practical measure that will strengthen international security by reducing the risk of conflict between the United States and the Soviet Union that might result from accident, misinterpretation, or miscalculation. The centers would play a role in exchanging information and notification required under existing and possible future arms control and confidence-building measures agreements.

Mutual and Balanced Force Reductions

On December 5, 1985, NATO tabled a new initiative designed to meet Eastern concerns. The proposal deferred the Western demand for data agreement on current forces prior to treaty signature. The Soviets had claimed that this Western demand was the primary roadblock to agreement. The proposal also called for a time-limited, first phase withdrawal of 5,000 U.S. and 11,500 Soviet troops, followed by a 3-year, no-increase commitment by all parties with forces in the zone, during which residual force levels would be verified through national technical means, agreement/exit points, data exchange, and 3 annual onsite inspections. Thus far, the Soviets have not responded constructively to the Western initiative.

NATO High-Level Task Force on Conventional Arms Control

This task force presented its report on the direction of NATO's conventional arms control policy to the North Atlantic Council on December 11, 1986. At that meeting, NATO ministers produced the "Brussels declaration," which states NATO's readiness to enter into new negotiations with the Warsaw Pact aimed at establishing a "verifiable, comprehensive and stable balance of conventional forces at lower levels" in the whole of Europe from the Atlantic to the Urals. NATO began discussions in February 1987 to develop a mandate for new negotiations. The Brussels declaration also calls for separate negotiations to build upon and expand the results of the CDE.

Chronology: January 1, 1986–June 1, 1987**U.S.-SOVIET ARMS CONTROL NEGOTIATIONS****Nuclear and Space Talks**

Round IV: January 16–March 4, 1986
 Round V: May 8–June 26, 1986
 Round VI: September 18–November 13, 1986
 Round VII: January 15–March 6, 1987 (INF continued to March 26)
 Round VIII: Began on April 23 (INF) and May 5, 1987 (START and defense and space talks)

Conference on Confidence- and Security-Building Measures and Disarmament in Europe (Multilateral)

Round IX: January 28–March 15, 1986
 Round X: April 15–May 23, 1986
 Round XI: June 10–July 18, 1986
 Round XII: August 19–September 19, 1986—agreement concluded

Conference on Security and Cooperation in Europe

First Round of Followup Conference: November 4–December 20, 1986
 Second Round of Followup Conference: January 27–April 11, 1987
 Third Round of Followup Conference: May 4–July 23, 1987 (proposed ending date)

Nuclear Non-Proliferation Treaty

On December 15–18, 1986, the United States and the Soviet Union met in Washington for the eighth round in an ongoing series of consultations, which began in December 1982, on nuclear nonproliferation. These consultations covered a wide range of issues, including prospects for strengthening the international nonproliferation regime, support for the nuclear Non-Proliferation Treaty, and the mutual desire of the United States and the U.S.S.R. to strengthen the International Atomic Energy Agency. These consultations are not negotiations but, rather, discussions to review various issues of common concern. The United States and the Soviet Union share a strong interest in preventing the dangerous spread of nuclear weapons and have agreed to use these consultations as a forum for discussion and exchange of views.

Conference on Disarmament (Multilateral)

Chemical Weapons Committee Rump Session: January 13–31, 1986
 Spring Session: February 4–April 25, 1986
 Summer Session: June 10–August 29, 1986
 Chemical Weapons Committee Chairman's Consultations: November 24–December 17, 1986
 Chemical Weapons Committee Rump Session: January 6–30, 1987
 Spring Session: February 2–April 30, 1987

Mutual and Balanced Force Reductions (Multilateral)

Round 38: January 30–March 20, 1986
 Round 39: May 15–July 3, 1986
 Round 40: September 25–December 4, 1986
 Round 41: January 29–March 19, 1987
 Round 42: May 14–July 2, 1987 (proposed ending date)

Nuclear Risk Reduction Centers

Round I: January 13, 1987
 Round II: May 3–4, 1987—agreement concluded, *ad referendum*

U.S.-SOVIET ARMS CONTROL EXPERT-LEVEL MEETINGS**Nuclear and Space Talks**

August 11–12, 1986, in Moscow
 September 5–6, 1986, in Washington
 December 2–5, 1986, in Geneva at the negotiator level

Mutual and Balanced Force Reductions Talks

August 6–7, 1986, in Moscow
 September 10–11, 1986, in Washington

Conference on Confidence- and Security-Building Measures and Disarmament in Europe

August 14–15, 1986, in Stockholm

Chemical Weapons Treaty Talks

January 28–February 3, 1986, in Geneva
 April 15–25, 1986, in Geneva
 July 1–18, 1986, in Geneva
 October 28–November 18, 1986, in New York City
 February 16–March 5, 1987, in Geneva

Biological and Toxin Weapons Convention

Experts Meeting: March 31–April 15, 1987, in Geneva

Chemical Weapons Nonproliferation Discussions

March 5–6, 1986, in Bern
 September 4–5, 1986, in Bern

Nuclear Testing

First Session: July 25–August 1, 1986, in Geneva
 Second Session: September 4–18, 1986, in Geneva
 Third Session: November 13–25, 1986, in Geneva
 Fourth Session: January 22, 1987, recessed on February 9, resumed on March 16, concluded on March 20 in Geneva
 Fifth Session: May 18–May 29, 1987, in Geneva

Nuclear Risk Reduction Centers

May 5–6, 1986, in Geneva
 August 25, 1986, in Geneva

Nuclear Nonproliferation Talks

December 15–18, 1986, in Washington ■

Challenges Facing the Foreign Service

by Ronald I. Spiers

Address at the State Department's 22nd annual Foreign Service Day on May 1, 1987. Ambassador Spiers is Under Secretary for Management.

This is the third annual report I have been privileged to give on this occasion since I became Under Secretary of State for Management in November 1983. It is a practice I hope future Under Secretaries for Management will follow. We have a responsibility to you. You are members of our extended Foreign Service family, bonded by your continuing interest in the institution you have served loyally and well.

Last year, I said that 1985 had been a difficult year for the Department and for the Foreign Service. I reported then that the picture for 1987 was clouded but threatened to worsen. That, unfortunately, turned out to be an understatement.

I would like to focus on three subjects today:

- The resource situation for the Department of State as we look ahead to 1988;
- The personnel problems we face this year when large numbers of talented senior and midlevel officers will leave the Foreign Service involuntarily; and, equally important,
- Diplomatic security at a time when the Department of State is under intense criticism in light of recent events in Moscow involving Marine security guards and our new chancery now under construction.

The State Department Resource Crisis

Few, even in the Department, fully understand the seriousness of the resource situation we now confront as a consequence of the executive-congressional impasse over how to control the Federal deficit. I want to give you, today, a somewhat more focused report on our resource situation than you may have heard on the nightly news. Unfortunately, this means citing some figures.

The overall budget of the Department of State is somewhat over \$3.5 billion. About half of this, however, is what I call "transfer" payments. These funds have nothing to do with running

the Department but pay our membership dues to international organizations, our contributions to international commissions of one kind or another, and the money to finance international refugees and narcotics programs.

To convey the real dimensions of our problems, I have to telescope in on our salaries-and-expenses account. This is the money that pays all of the normal expenses of our over 23,000 American and Foreign Service national employees at more than 250 posts overseas and in the United States. This account finances our salaries and allowances. It pays for storing and transporting our household effects. It buys our vehicles and furnishings. It finances our communications, our computer systems, our security programs, our training, our travel, and so on.

For 1986, the President proposed a lean budget of \$1.47 billion for this account. However, the Congress cut it by over \$80 million, and we were forced to absorb the shortfall from our ongoing activities after the fiscal year was well underway. In a time of trillion-dollar deficits, \$80 million may not seem like a lot of money. But for a small agency like State, whose annual budget is less than the cost of a single Trident submarine, an \$80-million cut assumes monstrous proportions. We spend more than 65 cents out of every dollar on people-related costs. Therefore, to absorb the \$80 million from personnel expenses, we would have had to put all of our employees worldwide on unpaid leave for 44 days. Obviously, this did not make sense.

We tried to make up for this shortfall by asking for slightly more money—\$1.84 billion—for 1987. However, Congress again cut the Administration's request for State, this time by \$314 million, and earmarked \$127 million of what we got for security. As a result, when the dust settled in 1987, we ended up with only \$6 million more than last fiscal year; but bear in mind that last year we had to cut out a lot of our important activities to stay within the appropriated amounts.

So this is the key figure, the bottom line, to keep in mind: we have \$6 million more to spend in 1987 than in 1986. Six million dollars is a lot of money. However, let me describe what this \$6 million has to cover:

- \$76 million in overseas inflation and exchange rate losses (at one point last December, our West German posts were losing a half million dollars a day due to the drop in the dollar's value);
- \$55 million in domestic mandato wage and price increases, including the recent American pay increase and the cost of managing the new retirement system; and
- \$20 million in new programs, such as opening several new posts, establishing a new congressionally mandated Inspector General's office, implementing the new immigration law, and so on.

That adds up to a minimum of \$15 million in mandatory increases in our expenses. Where were we going to find the funds to pay for these increases? In salaries-and-expenses agency such as State, the only possibility is out of current day-to-day operations. That is the genesis of the following cuts we were forced to make in 1987.

- We took \$114 million out of equipment and furnishings programs, postponing the modernization of our aging communications and computer systems; Noncareer ambassadors have asked repeatedly why the State Department personnel in their missions are so poorly equipped compared to our colleagues from other agencies. This is the answer.
- We have taken about \$20 million out of personnel and directly related support costs. As a result, we have significantly reduced the Department's nonsecurity work force. We have also reduced the size of incoming Foreign Service officer classes, creating major staffing gap problems. We will pay dearly for this several years down the line. We are taking similar cuts in virtually all other personnel categories.
- We are closing seven posts in addition to the seven we closed last year. From this, we will reap an immediate savings of something over \$1.5 million this fiscal year. This small figure is deceptive, however, because it only relates to the direct costs of operating these posts. We will also save other costs, such as salaries and support costs in Washington.

The main point—and it is one we have had a hard time getting across at home—is that if we have to cut people and save money in communications, travel, security, and so on, we must cut work stations. For us, work stations at positions in Washington and posts overseas. There are Members of Congress who want to mandate reopening the posts that we have closed; unfortunately, no one has offered to augmer

our funds in order to do so. We in the Department have made a strategic choice to terminate our more marginal activities rather than shortchange our more important ones.

Opening and closing posts is nothing new. We have shut at least 535 posts since we opened our first one in 1778. Since 1945, we have closed about four per year. This does not mean that our mail posts are interchangeable, expendable, or unimportant. Quite the opposite is the case. They are the capillaries of our information-gathering systems. They plug us into the important regions. They enhance our ability to provide services to American citizens abroad. They help stimulate export markets. They provide valuable professional and managerial experience for our junior personnel. But the Secretary of State must have the ability to allocate scarce resources to priorities for which he bears ultimate responsibility. Congressional micromanagement does not help.

Other cuts are being made in equally undesirable areas: post language training, travel, publications procurement, university training, and the like. Despite these cuts, we are still having trouble making ends meet. As a result, we have asked for a 1987 supplemental appropriation of \$83 million to keep us solvent. If we get it, we can avoid some of the worst effects of these cuts. However, the prognosis is uncertain at best, and we cannot delay making the very tough resource decisions required to help us manage within our means. We cannot spend at a rate that will get us in trouble if we do not get this supplemental relief.

Outlook for 1988

So much for 1987. The outlook for 1988 is not just unpleasant, it is grim.

Our bureaus requested \$2.06 billion to meet the responsibilities levied on them in 1988. Of this total, \$447 million was our security. We pared the bureaus' requests back somewhat ourselves; the Office of Management and Budget then cut these figures further to come up with a final Administration request of \$1.86 billion. However, the Congress has warned that we should expect—at best—a funding freeze at last year's levels.

Here is what such a freeze could mean to us:

- Further post closings, perhaps as many as 10–20. This would further convey the impression that the United States is withdrawing from active involvement in world affairs.

- Further personnel reductions—perhaps as many as 800–1,000 in Washington and overseas. Cuts of this magnitude could only be accomplished through large-scale reductions in force or furloughing.

These are drastic steps. From Congress' standpoint, a funding freeze on the surface might seem a logical and, perhaps, convenient method of coping with tight budgets and the Federal deficit. For State, however, a freeze is really a cut since there are certain new mandatory expenses which we would have to carve out of this frozen figure. These mandatory expenses include:

- \$52 million to finance the new Federal Employees Retirement System;
- \$12 million to cover mandatory Foreign Service national wage increases;
- About \$28 million for overseas inflation and exchange rate losses; and
- \$8 million to pay rent increases for the buildings we occupy in Washington.

The net increases, after deducting some decreases, amount to \$107 million. In other words, a freeze actually means we would have over \$100 million less to spend in 1988 than we had in 1987.

Further complicating this picture, however, is the fact that there are some expensive but very important programs which we must start if we are to maintain and improve our effectiveness as an institution. Among these are:

- Upgrading the Department's diplomatic telecommunications service. We must begin this program now to give the foreign affairs community the capacity it needs for the future, at reduced annual costs.

- Building a new, less vulnerable, mainframe computer center which we intend to collocate with our new alternate communications facility we just opened in Beltsville. We are the only major government agency without such backup communications facilities. With no such backup, the Department's entire data base is vulnerable. The Secretary has rightly said that this is a "must do" project.

- Developing our new Foreign Affairs Information System to give us the information technology we need to do our jobs and to help us march into the future abreast of our colleagues in the intelligence and defense communities.

- Continuing our effort to rebuild our vital diplomatic capabilities and to upgrade hard language training, as recommended in a recent report by Ambassador Stearns. This will cost us almost \$4 million in 1988 alone.

When we add these and other annualizations to the mandatory increases and 1987 shortfalls, we come up with a figure of \$208 million which must be taken out of our day-to-day operations in 1988 if we receive no increase from the Congress.

This situation is not the result of some special congressional hostility toward the Department of State and its mission. Indeed, we have encountered substantial sympathy toward our plight. We are caught in a vise; there is no effective consensus within the Congress or between the Congress and the President about the relative priorities to be accorded to tax increases, defense expenditures, and social service expenditures. Until there is such a consensus, the Department will suffer particularly bad times since we are essentially a salaries-and-expenses agency. We have no costly programs to string out or to cannibalize. It is not an exaggeration to say that the current budget crisis will force us to drastically reshape the institution through which the United States conducts its diplomatic relations with the rest of the world. This reshaping cannot help but radically reduce our diplomatic presence overseas. Our embassies will become, more and more, the office space for other, perhaps wealthier, agencies of government. It is sobering to think that the \$20 million we have cut in personnel alone this year is less than one-tenth the cost of a single B-1 bomber.

Personnel Issues and the 1980 Foreign Service Act

Let me deal more briefly with our personnel situation. As you know, the 1980 Foreign Service Act put into place systems designed to produce a predictable flowthrough and to ensure that only the best officers advance to the top. The others—although by any objective standards very good officers—drop by the wayside in this extremely competitive milieu. Our entry system continues to be one of the most selective in the world. While more than 17,000 applicants take the annual Foreign Service written examination, we appoint only some 200 new officers each year. But even after joining the Foreign Service, being simply a "very good officer" may not be good enough. This highly competitive system and its byproducts are, today, among the most controversial management issues in the Department of State.

This year, we will lose 49 of our FO-1s due to the 6-year window. They will join 53 others who will have to leave because they have reached time-in-class limits without being promoted into the Senior Foreign Service. In addition,

more than 130 of our Senior Foreign Service officers have retired after they were not offered the limited career extensions set up under the 1980 act. This loss of Senior Foreign Service officers has, however, been relatively less noticed since it has occurred over a longer period of time—i.e., since 1984.

We have faced a great deal of pressure to extend the 6-year window during which promotion opportunities to the Senior Foreign Service remain open. (This 6-year period was set after consultation with AFSA [American Foreign Service Association] by Secretary Haig in fulfillment of the 1980 act.) We have resisted extending the window since, as I have reported to you in previous years, we cannot simply postpone facing difficult management decisions. We must take the necessary steps now to set the Service on a clear and predictable course.

A colleague recently put the issue we face better than I could, and I quote him here:

A competitive system which retained its less competitive members would be wasteful. A system which did not provide for advance of junior officers would be wasteful. A system which did not continuously reoxygenate would be wasteful. A rigorous up-or-out philosophy is a practical and workable means of balancing the needs for experience, progression and employee development; and the practices applied by Management seem to achieve the desired ends of that philosophy.

In short, we cannot both retain all senior officers and FO-1s and still preserve opportunities for the most gifted of the next generation to move up. The trick is to find the right balance between these two legitimate concerns.

Confronting Security Challenges

I have saved my comments on security until last. For the last month, the story of the Moscow Marines and the bugging of our new office building in Moscow have occupied headlines around the world. From parts of the Hill and the media, critics variously charge incompetence on the part of the Department or, in the words of one TV journalist, "criminal negligence" on the part of our Ambassador in Moscow. The Department, according to some critics, has ignored warnings and was naive about the Soviets, sloppy in its procedures, and indifferent about security. Behind much of this assault lies ignorance of facts or, perhaps, hidden agendas.

If there has been laxness about security or misfeasance, we will uncover it and deal with it. However, we should

not start with the predisposition that someone must be pilloried. Witch-hunts do not, as past experience will attest, improve systems.

As some of you know from firsthand experience, our diplomats in Moscow work in a difficult and unremittingly hostile environment. Recently, I read a despatch on "General Conditions in Russia" sent from Moscow in March 1936 by Ambassador William Bullitt, who was himself quoting from despatches sent in the early 1850s by his predecessor, Neill Brown. These excerpts have a familiar ring as I quote from them:

The Russian mind seems naturally distrustful, and this is especially so with the Government officials. . . . [T]he Government possesses in an exquisite degree the art of worrying a foreign representative without giving him even the consolation of an insult. The position as an Ambassador here is far from being pleasant. The opinion prevails that no communication, at least of a public nature, is safe in the Post Office, but is opened and inspected as a matter of course. . . . Ministers are constantly subjected to a system of espionage, and that even their servants are made to disclose what passes in their households, their conversations, their associations, et cetera. . . . [T]o be made to apprehend such a state of things is exceedingly annoying.

The living and working conditions which our people face in Moscow are not news to the Department of State. The campaign of Soviet attacks against our diplomats in Moscow is bold and relentless. In recent times, our people have been microwaved and tracked with spy dust. Now, the press has reported that our new office building in Moscow is honeycombed with various types of listening devices. I assure you, this came as no surprise to us. We have been tracking and analyzing the Soviet technical attack since the very beginning.

Contrary to the popular impression, the Department of State has done a great deal to protect our people, our property, and our information over the past 3 years. In early 1984, then-Assistant Secretary for Administration and Security Bob Lamb and I agreed that we needed to launch a major new program to cope with contemporary security challenges. We did not believe that we could address these challenges with a business-as-usual approach. We recommended that the Secretary establish a panel of experienced outsiders to examine the entire range of security threats—both physical and counterintelligence—against our overseas missions. We recommended that Adm. Bobby Inman head this panel. We knew that any comprehensive security program

recommended by such a panel would require a tremendous amount of additional resources but felt that the time had come to lay out for the Congress a plan for the American public a security program that they could accept or reject. The Secretary approved our plan without hesitation.

The Inman panel made its report to the Secretary in mid-1985, and, within weeks, we had put together a 5-year, \$4.4-billion program to implement most of the panel's 91 recommendations. At the same time:

- We established a new bureau in the Department devoted exclusively to security.

- We set up recruitment and training programs for a new, expanded generation of security officers. Our security specialist corps has grown from 572 in 1985, to 675 in 1986, to 1,017 by the end of this fiscal year.

- We took steps to change the Foreign Service culture to increase the security sensitivity of our colleagues, many of whom felt security contradicted the traditional mission of the State Department—i.e., to get out and make contacts and penetrate other cultures and societies. To make the point dramatically, the Secretary, in September 1984, began holding daily morning meetings on security. This communicated his priorities throughout the Service.

- We collaborated effectively with our sister agencies in the intelligence community to understand and develop effective countermeasures to foil electronic threats against the integrity of our information and communications systems.

- We reorganized our Office of Foreign Buildings to bring it into the modern age, staffed and equipped to cope with a massive new security construction program. They are now managing 62 construction projects, the bulk of which are on schedule and within budget.

We had the full support of the Secretary of State at every step of the way. The Inman report succeeded in giving a "jump start" to what I believe will turn out to be an effective security program. After a lengthy series of congressional hearings, we received congressional authorization last fall for a \$2.1-billion security construction program. However, the funds appropriated so far have fallen far short of the amounts requested. (A total of \$2.7 billion was requested while only \$622 million was appropriated to implement Inman panel recommendations.) We got the first

ollar on August 12, 1986—and most of the initial \$39 million did not materialize until the end of October.

The Department of State, in short, has nothing to apologize for and a lot to be proud of.

Security Problems at Embassy Moscow

Let me say a few words about each of the current specific problems of the Moscow Marines and our Embassy building.

First, the Marines: the United States as relied on the integrity of the Marine security guard system for almost 40 years. The program has a proud history. We never considered we needed guards to guard the guards. We had clear rules restricting fraternization in East European countries because we knew that the kind of sexual entrapment we have recently seen in Moscow is an age-old staple of intelligence systems. The Marine guards in Moscow understood this, but some of them knowingly violated the rules. When we discovered these violations, we moved swiftly to remove the offenders. What we failed to do, however, was to investigate immediately whether the fraternization violations had led to more serious violations, such as treason. When one Marine turned himself in for having collaborated with the KGB, we then immediately launched an aggressive investigation which has led to further espionage charges against other Marine security guards.

We have discovered other violations of our nonfraternization policy, but these violations did not lead to espionage. In the cases in which it allegedly did, we cannot excuse these crimes on the grounds of youth, loneliness, the harsh Moscow environment, the quality of supervision, or a philosophy that "boys will be boys." Treason is treason, and here are no grounds on which to excuse it.

What about the question of culpability or security laxness on the part of Embassy management?

Like the captain of a ship, the ambassador is ultimately responsible for what takes place in his mission. However, rules of reason must also be applied. There is a chain of command. If the Marine sergeant in charge of the detachment was aware of fraternization or espionage and did not act to stop it or report it to the RSO [regional security officer], he is culpable. The same is true of the RSO and up the line to the ambassador. There is no evidence to suggest

that any of this is the case, but investigations are proceeding. I do not agree with those who charge that Ambassador Hartman was lax in his approach to security.

However, we do not—nor will we—follow our personnel 24 hours a day. The espionage and fraternization reported in Moscow appears to have taken place clandestinely.

We do not know all of the damage that was done as a result of these events in Moscow and Leningrad. However, we have to assume the worst. Accordingly, we will be spending substantial time and money to replace potentially compromised facilities in Moscow and Leningrad. We have also broadened our investigations to include other missions in Eastern Europe.

We will be strengthening policies to prevent the recurrence of these security breaches in other high-technical-threat posts. In my view, substantially shorter tours of duty for Marine security guards would reduce their window of vulnerability to hostile intelligence services. We are working closely with the Marine Corps to improve the program. We had already planned to install alarm systems which record events such as intrusions and which cannot be bypassed. This program will be accelerated. We will use polygraphs as an investigative tool in cases of fraternization. We will reaffirm the role of the chief of mission as the commander in chief of the Marine security guard detachment. We will, no doubt, examine other approaches in the course of the investigations I have mentioned.

When the problem of Moscow Foreign Service nationals and their KGB connections was raised as a policy issue several years ago, the Department of State thoroughly examined the idea of replacing them with Americans. There were strong arguments on both sides of the issue. The price tag for replacing the Soviets with Americans was high and required additional appropriations from the Congress. Ambassador Hartman and others in the Department also pointed out that this kind of a replacement program might solve one set of security problems while creating yet another set of security problems. Americans imported into Moscow's harsh environment as mechanics, plumbers, carpenters, and chasers would widen the target for Soviet espionage.

On the other hand, Soviet-supplied support personnel were known quantities. They could be watched and isolated. We knew that some of them had KGB connections. We also knew that there were risks involved in letting

them work at close proximity with the American staff. Others believe these considerations were outweighed by the fact that the Soviet support staff provided the Soviet intelligence services with yet another means of evaluating potential vulnerabilities of the American staff.

This was an issue on which reasonable men could disagree. After weighing these arguments, the Secretary decided to proceed with a phased substitution program. Ambassador Hartman himself proposed such a program in April 1985, and it commenced the next month. Before it was put fully into effect, however, the Soviets preempted it by withdrawing all Soviet support staff last October. It is ironic, and perhaps revealing, that many in Washington predicted that the Soviets would never withdraw the support staff because the KGB was too dependent on them for intelligence entree.

A few words are necessary about the building project in Moscow. You are aware of our discoveries over a period of years about the sophisticated and carefully designed intelligence system the Soviets have built into our new chancery. State Department security officers, working with other agency experts, are leading an all-out effort to develop countermeasures to thwart the Soviet penetrations of our chancery. The Soviets were able to mount this attack in part because we allowed them, pursuant to an agreement concluded 15 years ago, to prefabricate the concrete beams for the structure offsite and away from U.S. supervision. We will cope with this Soviet technical attack even if it means dismantling the \$23-million structural shell. (The press has incorrectly reported that we will lose a \$190-million investment if we tear down the chancery. In fact, the \$190-million Moscow project actually consists of eight buildings, only one of which is the chancery, which would house sensitive activity. The other seven buildings are already occupied.) Furthermore, we are submitting to arbitration the costs we've incurred in identifying and correcting the Soviet technical attack.

At our recommendation, Secretary Shultz asked former Secretary of Defense and CIA Director Schlesinger to examine all of the information we have gathered on the Moscow chancery problem in all its aspects and to make recommendations as to how to deal with it. We expect his report shortly.

In the meantime, we must cope with the fact that our institutional cultural heritage in the Foreign Service can lead

our people abroad to attach less priority to security considerations in comparison to other aspects of our activities than we in Washington feel should be the case. Given the budget situation I described at the outset, we are having to tell ambassadors to cut reporting positions while, at the same time, we are expanding expenditures and personnel devoted to security. Questions are repeatedly raised about the wisdom of our priorities. These questions are legitimate, although sometimes we have to be authoritarian in imposing our choices.

In the final analysis, I do not believe there is a contradiction between maintaining an adequate level of security and conducting diplomacy effectively. Our diplomats must understand the country and the culture in which they live and work. This requires getting out and tracking down information and developing contacts. We as a nation also have an obligation to provide the resources—money and people—necessary to achieve our diplomatic objectives. However, unless we provide a safe and secure environment for our people and our national security information, we cannot conduct successful diplomacy. Constant vigilance and awareness is a prerequisite, but this does not require that we immerse ourselves in fortresses or operate on the basis that we cannot trust each other.

We will continue to work to construct such a secure environment, but in doing so, we will avoid creating an atmosphere that will undermine the spirit and effectiveness of our diplomacy.

Guarded Optimism

Let me conclude on a note of guarded optimism. The Foreign Service has successfully overcome comparable difficulties in the past. I am confident we can and will do so again. Institutionally, the challenges we face today are hardly worse than the crisis of the 1950s when the China hands were purged for being correct. We recovered from that episode and emerged a stronger Service. We can and will do so again. But we must not be complacent, and we must adapt to new challenges. Unless we take a realistic account of the world we face today, the Foreign Service cannot effectively carry out its fundamental and important role in furthering our national interests as the first point of contact with other nations and societies. ■

U.S.-Soviet Agreement on Embassy Construction in Washington

by Ronald I. Spiers

Statement before the Subcommittee on Foreign Operations of the House Foreign Affairs Committee on May 19, 1987. Ambassador Spiers is Under Secretary for Management.¹

We will be examining today a set of issues as complex and difficult as any I have encountered as Under Secretary of State for Management. They are issues which were difficult when first addressed by the U.S. Government over 20 years ago. They have been made more difficult to deal with for having been embellished over the years by a good deal of anecdotal misinformation and myth. Let me briefly summarize the basic facts.

Background

By the late 1950s, both the U.S. and Soviet Governments were rapidly outgrowing their diplomatic facilities, and each recognized the need for a new chancery and residential buildings. It would be over 10 years, however, before agreement was reached—in 1969—on an exchange of sites and another 3 years before a terms-of-construction agreement was concluded in 1972.

Throughout this lengthy period of back-and-forth with the Soviets, many factors influenced the course of the discussions: concern for providing an adequate living and working environment for our personnel; questions of reciprocity and security; local municipal regulations in both Washington and Moscow; and, of course, the overall tenor of U.S.-Soviet relations, to name a few. There were times when our negotiators were convinced we could not come to terms and were ready to call the discussions off. There were also times when political decisions at the highest levels of the U.S. Government bridged difficult gaps.

Throughout the period, and particularly as we focused our discussions on specific sites and specific construction issues, we approached the process as an interagency effort to ensure that all our concerns were adequately addressed. Intelligence and security questions were carefully studied by the appropriate interagency committees representing the

intelligence community. The State Department participated in interagency meetings, regularly briefed the appropriate committees on the progress of negotiations, and conferred with the parties concerned when technical questions arose. Concerns raised within the intelligence community were thoroughly vetted through the interagency coordinating committee and in other agency-to-agency contacts and meetings.

U.S.-Soviet Negotiations

To give you a thumbnail sketch of the negotiations, in the summer of 1963, the Soviets negotiated the purchase of the Bonnie Brae estate in the Chevy Chase section of Washington, and the D.C. Board of Zoning approved a zoning exception to permit the construction of an embassy in this residential area. Through a series of court actions, however, local residents successfully overturned the zoning exception in January 1964, thereby blocking use of the property for an embassy.

To avoid such difficulties in the future, an effort was made to find Federal property suitable as an embassy site, since U.S. Government-owned land is not subject to D.C. zoning restrictions. The General Services Administration identified two locations: the Bureau of Standards site (now the International Chancery Project) and the Veteran's Administration Hospital site on Mt. Alto. The Soviets had expressed no prior interest in either site.

Of the two properties, Mt. Alto was available earlier. Over the course of 2 years, representatives of all relevant U.S. Government agencies examined the site and agreed to the proposal to lease it to the Soviets in exchange for leasing a site for our new Embassy. In fact, Mt. Alto was not offered to the Soviets until we had a written agreement from the agencies most concerned, and the exchange-of-sites agreement was not signed until the House Foreign Affairs Committee approved the new Embassy site in Moscow.

The Soviets were not enthusiastic about the Mt. Alto site. They complained that we had shown them only one site and argued that it was "not very favorable" because of its distance from the center of the city. Indeed, the

Trade With Japan

PRESIDENT'S STATEMENT, MAR. 27, 1987¹

I am today announcing my intent to raise tariffs on as much as \$300 million in Japanese exports to the United States. I am taking these actions in response to Japan's inability to enforce our September 1986 agreement on semiconductor trade. Regrettably, Japan has not enforced major provisions of the agreement aimed at preventing dumping of semiconductor chips in third-country markets and improving U.S. producers' access to the Japanese market. I am committed to the full enforcement of our trade agreements designed to provide American industry with free and fair trade opportunities.

Under the agreement, which was negotiated to resolve a series of unfair trade practice cases brought by my Administration and American industry, the Government of Japan agreed to prevent Japanese semiconductor producers from selling below cost in markets outside Japan and to provide additional access in Japan for foreign producers. Despite monthly consultations with the Japanese since the agreement was signed and repeated assurances that all aspects of the agreement would be fully implemented, the most recent evidence we have demonstrates that dumping has continued. Moreover, American firms' access to the Japanese market has not improved from last fall's levels.

The Government of Japan has in recent days announced a number of actions aimed at improving their compliance with the agreement. I am encouraged by these steps, and that is why we are not terminating the agreement. When the evidence indicates that third-country dumping has stopped and U.S. firms are enjoying improved access to the Japanese market, I am prepared to lift these sanctions.

PRESIDENT'S STATEMENT, APR. 17, 1987²

I am today releasing the list of Japanese exports to the United States upon which tariffs are being raised, effective today, in response to Japan's inability to enforce our September 1986 agreement on semiconductor trade.

I announced my intent to take these actions on March 27 after it became apparent that Japan has not enforced

major provisions of the agreement aimed at preventing dumping of semiconductor chips in third-country markets and improving U.S. producers access to the Japanese market. The health and vitality of the U.S. semiconductor industry are essential to America's future competitiveness. We cannot allow it to be jeopardized by unfair trading practices.

In my March 27 announcement, I said we would impose tariffs on \$300 million in Japanese exports to the United States to offset losses suffered by American semiconductor producers as a result of the agreement not being fully implemented. The products upon which the tariffs are being raised were chosen to minimize the impact on American consumers and businesses. All these products are available from domestic or other foreign producers.

These actions are being taken to enforce the principles of free and fair trade. I regret that these actions were necessary. We will eliminate them as soon as we have firm and continuing evidence that the dumping in third-country markets has stopped and that access to the Japanese market has improved.

I am encouraged by recent actions taken by the Government of Japan to improve their compliance with the U.S.-Japan semiconductor agreement. I believe the agreement is in the best interests of both Japan and the United States, and I look forward to the day when it is working as effectively as it should.

PROCLAMATION 5631, APR. 17, 1987³

1. On April 17, 1987, I determined pursuant to section 301 of the Trade Act of 1974, as amended ("the Act") (19 U.S.C. 2411), that the Government of Japan has not implemented or enforced major provisions of the Arrangement concerning Trade in Semiconductor Products, signed on September 2, 1986, and that this is inconsistent with the provisions of, or otherwise denies benefits to the United States under, a trade agreement, and is unjustifiable and unreasonable and constitutes a burden or restriction on United States commerce. Specifically, the Government of Japan has not met its commitments to increase market access opportunities in Japan for foreign-based semiconductor producers or to prevent "dumping" through monitoring of costs and exports from Japan of semiconductor products. I have further determined, pursuant to section 301(b) of the Act (19 U.S.C. 2411(b)), that the appropriate

Soviets expressed interest in building a hancery at Tregaron in Cleveland Park, but the idea was opposed by the U.S. government on security grounds.

In 1969, we finally signed an exchange-of-sites agreement with the Soviets in which they received an 85-year, rent-free lease on 12.5 acres at Mt. Alto. The United States leased for 85 years an equivalent-sized lot in Moscow (10 acres or a chancery and residential compound plus 1.8 acres for the Ambassador's residence), also at no cost. Congressman Wayne Hays had traveled to Moscow in 1967 to examine the U.S. site and recommended that his House Foreign Affairs subcommittee support the lease.

Many contentious issues remained to be worked out before a terms-of-construction agreement was signed in 1972.

Among them was the question of how tall that embassy could be. It was finally agreed that the Soviet chancery, located in an area of Washington where building heights are strictly controlled, could not exceed 136.21 meters above sea level—the maximum height allowed on Mt. Alto by the National Capital Planning Commission. Again, as with the decision to offer Mt. Alto to the Soviets, all of these matters were carefully vetted with the relevant Washington agencies.

Conclusion

To think the pattern which emerges from all of this is that the Department of State has, over a period of many years, thought conscientiously to deal with the problem of a site for a new Soviet Embassy in Washington, and the related question of a new U.S. Embassy in Moscow, in a manner which serves the best interests of the United States. Some of the decisions implemented were based on technical or operational judgments beyond our competence to question; some were made at the highest levels of our government. But in implementing them, the Department has scrupulously sought to involve all relevant agencies at each step of the way.

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. ■

and feasible action in response to such failure to impose increased duties on certain imported articles that are the products of Japan.

2. Section 301(a) of the Act (19 U.S.C. 2411(a)) authorizes the President to take all appropriate and feasible action within his power to obtain the elimination of an act, policy, or practice of a foreign government or instrumentality that (1) is inconsistent with the provisions of, or otherwise denies benefits to the United States under, a trade agreement; or (2) is unjustifiable, unreasonable, or discriminatory and burdens or restricts United States commerce. Section 301(b) of the Act authorizes the President to suspend, withdraw, or prevent the application of benefits of trade agreement concessions with respect to, and to impose duties or other import restrictions on the products of, such foreign government or instrumentality for such time as he determines appropriate. Pursuant to section 301(a) of the Act, such actions can be taken on a nondiscriminatory basis or solely against the products of the foreign government or instrumentality involved. Section 301(d)(1) of the Act (19 U.S.C. 2411(d)(1)) authorizes the President to take action on his own motion.

3. I have decided, pursuant to section 301(a), (b), (d)(1) of the Act, to increase U.S. import duties on the articles provided for in the Annex to this Proclamation that are the products of Japan.

NOW THEREFORE, I, RONALD REAGAN, President of the United States of America, acting under the authority vested in me by the Constitution and the statutes of the United States, including but not limited to sections 301(a), (b), and (d)(1) and section 604 of the Act (19 U.S.C. 2483), do proclaim that:

1. Subpart B of part 2 of the Appendix to the Tariff Schedules of the United States (19 U.S.C. 1202) is modified as set forth in the Annex of this Proclamation.

2. The United States Trade Representative is authorized to suspend, modify, or terminate the increased duties imposed by this Proclamation upon publication in the *Federal Register* of his determination that such action is in the interest of the United States.

3. This Proclamation shall be effective with respect to articles entered, or withdrawn from warehouse for consumption, on or after April 17, 1987, except that it shall not apply with respect to articles that were admitted into a U.S. foreign trade zone on or before March 31, 1987.

IN WITNESS WHEREOF, I have hereunto set my hand this seventeenth day of April, in the year of our Lord nineteen hundred and eighty-seven, and of the Independence of the United States of America the two hundred and eleventh.

RONALD REAGAN

PRESIDENT'S MEMORANDUM, APR. 17, 1987²

MEMORANDUM FOR THE UNITED STATES
TRADE REPRESENTATIVE

**Subject: Determination Under Section 301
of the Trade Act of 1974**

Pursuant to section 301 of the Trade Act of 1974, as amended (19 U.S.C. 2411), I have determined that the Government of Japan has not implemented or enforced major provisions of the Arrangement concerning Trade in Semiconductor Products ("the Arrangement"), signed on September 2, 1986, and that this is inconsistent with the provisions of, or otherwise denies benefits to the United States under, the Arrangement; and is unjustifiable and unreasonable, and constitutes a burden or restriction on U.S. commerce. I also have determined, pursuant to section 301 of the Act, to proclaim increases in customs duties to a level of 100 percent *ad valorem* on certain products of Japan in response. The tariff increases I am proclaiming shall be effective with respect to the covered products of Japan which are entered on and after April 17, 1987. I am taking this action to enforce U.S. rights under a trade agreement and to respond to the acts, policies and practices of the Government of Japan with respect to the Arrangement.

Reasons for Determination

In the Arrangement, the Government of Japan joined the Government of the United States in declaring its desire to enhance free trade in semiconductors on the basis of market principles and the competitive positions of the semiconductor industries in the two countries. The Government of Japan committed: (1) to impress upon Japanese semiconductor producers and users the need aggressively to take advantage of increased market access opportunities in Japan for foreign-based semiconductor firms; and (2) to provide further support for expanded sales of foreign-produced semiconductors in Japan through establishment of a sales assistance organization and promotion of stable long-term relationships between Japanese purchasers and foreign-based semiconductor producers. Finally, both Governments agreed that the expected improvement in access to foreign-based semiconductor producers should be gradual and steady over the period of the Arrangement.

Although the Government of Japan has taken some steps toward satisfying these obligations, they have been inadequate; foreign-based semiconductor producers still do not have access in that market equivalent to that enjoyed by Japanese firms.

In the Arrangement, the Government of Japan also committed: (1) to prevent "dumping" through monitoring of costs and export prices of semiconductor products exported from Japan; and (2) to encourage Japanese semiconductor producers to conform to anti-dumping principles. Again, the Government of Japan has taken steps toward satisfying these obligations, but they have been inadequate.

Consultations were held with the Government of Japan on numerous occasions between September 1986 and April 1987 in order to enforce U.S. rights under the Arrangement and to ensure that the Government of Japan undertake concerted efforts to fulfill its obligations under the Arrangement. To date these obligations have not been met.

On March 27, 1987, I announced my intention to raise customs duties to a level of 100 percent *ad valorem* on as much as \$300 million in Japanese exports to the United States in response to the lack of implementation or enforcement by the Government of Japan of major provisions of the Arrangement. I also announced that the products against which retaliatory action would be taken would be selected after a comment period ending April 14, 1987. Finally, I announced that sanctions would remain in effect until there is firm and continuing evidence that indicates that the Government of Japan is fully implementing and enforcing the Arrangement.

This determination shall be published in the *Federal Register*.

RONALD REAGAN

WHITE HOUSE FACT SHEET, APR. 17, 1987

Background

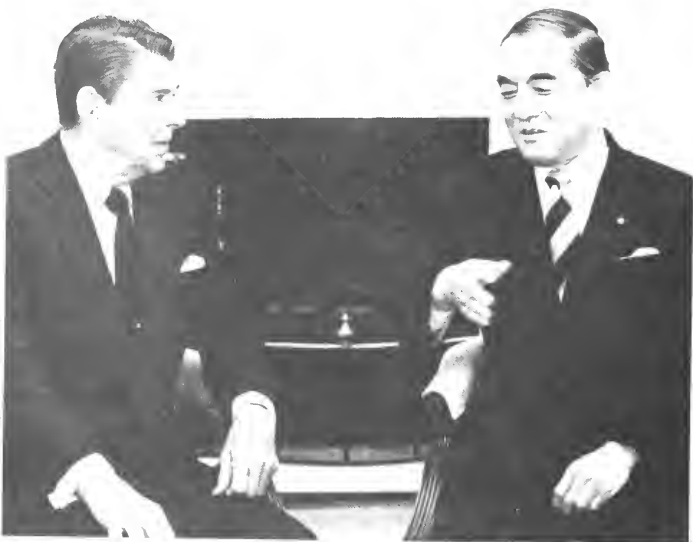
On September 2, 1986, the United States and Japan signed an agreement on trade in semiconductors designed to promote free trade in semiconductors on the basis of market principles. In that agreement the Japanese Government committed to prevent sales below cost of Japanese-produced semiconductors in third-country markets and to enhance sales opportunities in the Japanese market for foreign-based producers. Furthermore, the Japanese Government agreed to prevent dumping in the United States.

The part of the agreement concerning dumping in the United States appears to be working satisfactorily, but the provisions concerning third-country dumping and access to Japan's market are not being properly implemented.

U.S. officials met with their Japanese counterparts in October, November, and December to address major problems under the agreement. In addition, on January 28, 1987, emergency consultations were held in Japan to address evidence of Japanese non-compliance with the agreement's third-country dumping and market-access provisions.

At the January 28 consultations, U.S. officials notified the Government of Japan that the United States would take appropriate steps to enforce the agree-

Visit of Japanese Prime Minister Nakasone



White House photo by Bill Fitz-Patrick

ent if third-country dumping did not end within 30 days and if foreign semiconductor sales in Japan did not increase within 60 days.

A comprehensive Commerce Department analysis of Japanese pricing activity in third-country markets conclusively demonstrates that significant dumping was still occurring as of the February 28 deadline. At that time, Japanese-produced DRAMS (an advanced type of semiconductor) were being sold on average at 59.4% of the fair value, while PROMS (another advanced semiconductor) were being sold at 63.6% of the fair value. If dumping of this magnitude were to continue, U.S. semiconductor companies would have little or no chance to compete in overseas markets.

The deadline to improve access in Japan for foreign semiconductors was March 28. The U.S. Government has analyzed the relevant data and determined that market access has not improved since the agreement was signed.

The President's Action

The President has decided to impose sanctions on certain Japanese exports to the United States. These sanctions will remain in place until the semiconductor agreement is properly implemented. A notice was placed in the *Federal Register* Monday, March 30 listing possible products on which sanctions could be imposed. After a public comment period of 14 days, and 2 days of public hearings on April 13 and 14, the Administration selected from the list products against which retaliatory action is being taken. Effective today, 100% ad valorem tariffs will be imposed on Japanese products totaling approximately \$300 million, offsetting the lost sales opportunities by U.S. industry.

These sanctions will not deprive American consumers of the products against which retaliatory action will be taken. All products on the list can be supplied by domestic or other foreign producers. The higher tariffs, which will be placed only on Japanese imports of these products, will be removed when it has been determined that the agreement is being fully implemented.

Prime Minister Yasuhiro Nakasone of Japan made an official visit to Washington, D.C., April 29-May 2, 1987, to meet with President Reagan and other government officials.

Following are remarks made by the President and the Prime Minister at the arrival and departure ceremonies, Secretary Shultz's luncheon remarks, and the text of the joint statement issued at the conclusion of the visit.¹

ARRIVAL CEREMONY, APR. 30, 1987²

President Reagan

It's a pleasure today to welcome again Prime Minister Nakasone, the elected leader of a valued ally, which is also one of the world's great democracies.

The good will and cooperation between Japan and the United States has been a tremendous boon to both our peoples. Such relationships as our countries enjoy and benefit from are a historical rarity. Great care has been taken over four decades by political leaders on both side of the Pacific to

mold and create this gem of friendship which is of such immense value.

This hasn't been easy; it has taken effort on both sides. Ours, after all, is a dynamic and changing friendship, filled with all the energy and spirit which one would expect between two robust peoples. Today our governments must meet the great responsibility of overseeing a continued, positive evolution between the United States and Japan. I have confidence in your judgment, and by working together, any problem we face can be solved.

Even the closest of friends have differences. Ours is the challenge of keeping trade and commerce—the lifeblood of prosperity—flowing equitably between our peoples. To do that, we must address the current unsustainable trade balance. It has spawned calls for protectionism that would undo the shining economic accomplishments we've achieved together. If history tells us anything, it is that great advances in the human condition occur during times of increasing trade. Conversely, it is also clear that interruptions in international commerce result in stagnation and decline.

¹Text from Weekly Compilation of Presidential Documents of Apr. 6, 1987.

²Text from Weekly Compilation of Presidential Documents of Apr. 20. ■

We recognize the domestic political pressures that play a part in the decisionmaking processes of our respective countries, but we also know that it is the long-term well-being of our societies that must govern. Today the trading system is in need of adjustment, yet the answer is not in restrictions but in increased opportunities. So together, let us seek positive solutions.

As we've learned, progress will not happen on its own; tangible actions must be taken by us both. I have heard outlines of new measures that you are considering, and I'm most encouraged by what appears to be a commitment to policies of domestic growth and the expansion of consumer demand in Japan—something we strongly believe will have a positive effect on the trade balance. I look forward to exploring these new approaches with you in our meetings today.

Americans firmly believe that the free flow of goods and services, accentuated with head-on and above-board competition, benefits everyone. We would like to see Japan, for example, open its markets more fully to trade and commerce. Many of our companies in manufacturing, agriculture, construction, and the financial and high technology industries want to fully participate in the Japanese market. This, too, would also provide the benefits of lower prices in Japan.

There's an unseen bridge that spans the vast Pacific, a bridge built by the hard work, commercial genius, and productive powers of our two peoples. We must strive to see that it is maintained in good order and is traveled with equal intensity in both directions, carrying the goods and services that improve lives and increase happiness.

The bridge to which I refer rests on the firm bedrock of democracy. Today free government and free economies complement one another and are the basis of our Pacific partnership. Today Japan and the United States, with two of the world's most powerful economies, share heavy global responsibilities. Your country's skillful leadership at last year's Tokyo summit demonstrated the role Japan now plays. As we prepare for the upcoming summit in Venice, our two governments will continue working closely together, fully appreciating that our cooperation has much to do with prosperity enjoyed throughout the world. The summit is an opportunity to look to the future, to ensure the peace and prosperity of the last 40 years are maintained and strengthened as we approach the new century.

Similarly, our mutual dedication to the cause of peace and security has had vast implications, especially on the Pacific rim, where the upward thrust of human progress is so apparent. We're well into the third decade of the 1960 U.S.-Japan mutual security treaty, and we look forward to continuing and expanding upon our security cooperation.

I am pleased to have this opportunity to speak directly with Prime Minister Nakasone on the bilateral and international issues. It was 120 years ago since Commodore Perry first arrived on the shores of Japan. Commodore Perry sent a message, explaining his purpose to be "a mutual interchange of those acts of kindness and good will which will serve to cement the friendship happily commenced and to endure, I trust, for many years."

In coming to our shores, we welcome you in that spirit. Let us, too, cement the friendship happily commenced so that it will endure for many years.

Prime Minister Nakasone

Thank you very much for your warm words of welcome. It gives me great pleasure to make an official visit to the United States at your invitation and to have this opportunity, together with my family, to meet again with you and Mrs. Reagan.

Since I assumed the Office of the Prime Minister of Japan, I have consistently made my utmost efforts to strengthen further the friendly and cooperative relations between our two countries. Today the relations are basically strong and sound. In addition to our bilateral cooperation in many areas, the two countries are working closely together to solve the political and economic problems facing the world.

The United States is continuing a genuine effort to build upon the potential agreements reached in Reykjavik on arms control, to lay a solid foundation for world peace. For the success of such efforts, it is now more important than ever to strengthen solidarity among the Western nations.

Looking toward the upcoming summit meeting in Venice, I strongly hope that my visit will prove to be constructive from this global perspective, as well. If our two countries are to fully discharge our global responsibilities, it is essential that our bilateral relations develop on an unshakable foundation.

I am deeply concerned that serious frictions on the trade and economic issues are on the rise between our two countries. We should not allow such a

situation to undermine the friendship and mutual trust between our two countries. Throughout my visit, I intend to state clearly the policy measures Japan has taken so far and will take in the future for overcoming these problems. At the same time, I will listen carefully to the views of the Administration, the Congress, and the people of the United States.

I have journeyed across the Pacific Ocean knowing that at times one must sail on high waves. But I hope that my visit, with everyone's assistance, will offer maximum beneficial results for our two countries.

In your Inaugural Address in 1981, you said, "We have every right to dream historic dreams." With energetic leadership, the American people have built this great nation constantly moving forward and aspiring to seek out new frontiers. This pursuit of heroic dreams forms the driving spirit of your nation. We, the Japanese people, have built our present nation desiring to occupy an honored place in the international society and determined to contribute to world peace and prosperity. I am determined to exert all my efforts, too, so that our two peoples can dream heroic dreams together, looking towards a bright future for all mankind.

SECRETARY'S LUNCHEON REMARKS, APR. 30, 1987¹

Mr. Prime Minister, Mrs. Nakasone, an distinguished guests. Your visit to the United States and the talks you've had with President Reagan once again give expression to the warm friendship and constructive ties that join our two countries. You have helped remind all Americans of the importance of our bilateral relationship and our impressive far-reaching cooperation. This reminder could not be more timely.

Over 130 years have now passed since the first American Consul, Townsend Harris, arrived at Shimoda in 1854. At that time, the United States and Japan had almost nothing in common. Today we enjoy a close partnership founded on the fundamental congruence of our political, security, and economic interests.

Where Consul Harris was a lonely representative of the United States on Japanese shores, today there are almost 120,000 Americans—including 55,000 U.S. servicemen—living and working in Japan. In working together toward our common objectives, our governments have continued to expand the frequency

and scope of our bilateral consultations. Ever-increasing nongovernmental contacts in business, research, the arts, the media, and sports have broadened and deepened bonds between our two peoples.

Through this lively and wide-ranging Japanese-American dialogue, our two countries have been able to resolve to mutual satisfaction the continuing flow of problems that inevitably arise in our extensive and complex bilateral relations. Today we face new and substantial challenges in the economic sphere—challenges that stem from the sheer scale and growing complexity of our trading relationship and our increasing competition at the leading edge of technology. It is important that we consider our trade and competition within the context of our entire economic relationship. We must recognize not simply the vast scope of our trading ties but also their dynamic nature and the degree to which the great flow of goods and investment between us benefits both countries.

Japan is our second largest trading partner after Canada, and we are Japan's largest export market. Our two-way trade in 1986 amounted to \$112 billion, a figure greater than the gross national product of all but a few nations.

The United States is Japan's largest foreign investor and Japan is our third largest investor. Japanese companies now have over \$25 billion in direct investment in the United States. We believe that a free flow of investment is in everyone's interest. Japanese investors in the United States contribute to our country's employment and competitiveness. Well over 200,000 Americans work for Japanese firms in the United States.

Like our broader security and political ties, our economic relationship strengthens both countries. However, as you yourself have recognized, our persistent trade imbalances have reached levels that cannot be sustained. Since your announcement of Japan's action program in 1985, Japan has taken a number of welcome steps to open its market. In recent months we have seen removal of various barriers to foreign fish products, tobacco, legal services, forest products, medical and pharmaceutical goods, telecommunications equipment, and banking services. Our joint efforts in improving market access must continue, but we recognize that improved market access in itself will not resolve the U.S. trade deficit.

Our global deficit is the result of macroeconomic factors. It does not flow

mainly from an alleged lack of an American competitiveness; rather it is, in part, a reflection of our attractiveness to foreign investment resulting in a massive net inflow of foreign capital that provides needed savings otherwise consumed by our fiscal deficit—in other words, we have got to do something about our fiscal deficit—and in part a reflection of a formerly way-over-valued dollar.

The appreciation of the yen during the past year-and-a-half reflects the underlying strength of the Japanese economy and the realities of Japan's new role in the world economy. This shift in exchange rates has already begun to affect the marketplace. As a result of exchange rate realignments, the process of correction in our trade is now underway. As we look to the future, we will see our trade deficit shrinking as the surpluses of Japan and other countries are reduced.

Make no mistake about it; this adjustment will take place. In fact, it is inevitable that the United States will, before long, run a trade surplus. The inevitability of it comes from the fact that we are now a very large debtor nation with the debts growing, and the only way in the end we are going to service those debts is by running a trade surplus. So that will happen. The only question is by what process it takes place.

Our challenge is to assure that the rebalancing of world trade and world demand occurs without impairing global economic growth or intensifying inflationary pressures. This requires that we address the domestic imbalances which underlie today's trade difficulties. For our part, President Reagan remains committed to reducing the U.S. budget deficit, and he will energetically fight the forces of protectionism.

Your special advisory council, the Maekawa Commission, last year issued a report which recommended the transformation and opening of Japan's economy to promote greater emphasis on domestic-led growth and the importation of foreign goods. The report also recommended increased growth in domestic demand in three sectors—private consumption, housing investment, and public works.

Last week the Maekawa Commission reaffirmed the importance of its original recommendations. The commission stressed the need for their prompt and full implementation if Japan is to play a role in supporting a more stable and open international economy. These measures are commensurate with the interests of the Japanese people and the

great benefits they have gained from an open world trading system in the postwar era.

We welcome and applaud these recommendations. Can we expect to see them put into effect? We do understand that correcting these economic imbalances means hard political decision. It is a test for statesmanship on the part of both our governments. But we are not alone in this regard; all members of the international trading system bear a responsibility to strengthen the global economy through economic policies that expand rather than limit the open international trading system which has served us both so well these past four decades.

Our two governments are already cooperating effectively in helping to ensure peace and stability in East Asia by deterring aggression. We are working together to assist strategically vital nations such as the Philippines that are seeking to rebuild democracy.

The new Uruguay Round of multilateral trade negotiations offers yet another important opportunity for us to work closely together, this time in seeking to advance the interests of both our countries by extending liberalized rules of trade to such key areas as services and agriculture. Japan and the United States, together with our major trading partners, must push hard to achieve early and substantial success in the Uruguay Round so that the rules of the global trading system recognize the commercial realities of the 21st century.

In sum, we have accomplished much together, but there remains a considerable task before us. We must strive to build a more balanced trading relationship while avoiding protectionism. To do so requires imagination, hard work, and no small amount of courage in facing up to tough decisions. These qualities are not lacking in either of our countries, and they will be needed if we are to resolve our differences in a spirit of friendship and cooperation.

You have shown great vision in your efforts to develop for Japan an international role commensurate with its economic dynamism. We applaud your leadership and look forward to continuing to work closely and productively with Japan in our joint efforts to promote peace, democracy, and prosperity throughout the world. There is much we can accomplish if we work together.

In this spirit, I now ask all of you to join me in a toast to the health of Prime Minister and Mrs. Nakasone and to Japanese-American friendship and cooperation.

DEPARTURE CEREMONY,
MAY 1, 1987⁴

President Reagan

I have been pleased to welcome Prime Minister Nakasone to Washington. He is a friend, a wise colleague, and the leader of America's most important partner and ally in the Pacific. Prime Minister Nakasone and I have worked together now for more than 4 years, and I've greatly valued his advice and cooperation.

Our talks covered a wide range of issues. We reaffirmed our shared commitment to peace and democracy throughout East Asia and the Pacific. And Prime Minister Nakasone was briefed on the current status of arms talks with the Soviet Union, and we agreed on the vital importance of Western solidarity in this endeavor.

He and I also discussed in detail the upcoming Venice summit. We agreed that agriculture will be an important topic, along with macroeconomic matters and debt. Many governments, including our own, have constructed impediments to agricultural trade and have market-distorting subsidies in place. We've agreed these costly and harmful policies should be removed. I emphasized this to Prime Minister Nakasone and told him that early improvements in access for U.S. agricultural products to Japan's markets are vital, economically and politically. The Prime Minister and I affirmed that all of the policies of our respective nations affecting trade and agriculture are subject for discussion in the new round of trade negotiations along with the agricultural policies of other countries.

Trade between our two countries was, as expected, an area of heavy discussion. Both Japan and the United States recognize that the current trade imbalance is politically unsustainable and required urgent attention. The Prime Minister described to me measures his government intends to take, and I am supportive of those positive actions and optimistic that we will soon see the situation begin to improve. In this regard, we reaffirmed our commitment to cooperate closely on economic policy as described in our joint statement.

Of course, the United States, too, must do its part, and I made clear that we are committed to cutting the budget deficit and are strengthening the competitiveness of U.S. industry. Consistent with the approach Prime Minister Nakasone and I have agreed to, protectionism will be strenuously opposed on both sides of the Pacific.

The Prime Minister and I also discussed our two countries' shared commitment to assist the world's debtor nations. I welcome the Japanese Government's plans to make available to developing countries on an untied basis more than \$20 billion in new funds over the next 3 years.

On the semiconductor issue, we have agreed to review the data in mid-May. It's my hope that, with the Venice summit coming up, our ongoing review of the semiconductor agreement will demonstrate a persuasive pattern of compliance, thereby allowing removal of the sanctions as soon as possible.

America's relationship with Japan is both close and broadly based. We share a host of common interests in the world. Prime Minister Nakasone and I agreed that the leaders of our two great countries should hold regular annual meetings. The widespread economic and social contacts between our peoples will, of course, continue, and we will remain each other's close friends and trading partners. Of that there is no doubt.

I look forward to seeing Prime Minister Nakasone again in a few weeks in Venice and now wish him and his wife Godespeed on their journey home.

Prime Minister Nakasone

I would like to thank you, Mr. President, for your warm hospitality, and I'm very pleased that we have had 2 days of very fruitful meetings.

The President and I placed most of our emphasis on the future of the world economy, recognizing that our respective huge current account imbalances could bring about serious consequences for the health of the world economy. It is necessary to rectify this situation fundamentally and as soon as possible. We affirmed our shared political determination that our two countries will take vigorous and consistent policy measures. In this connection, we are determined to cooperate closely on microeconomic policy and exchange rates, as described in our joint statement.

I emphasized to the President that between our two countries, problems should be solved by cooperation and joint endeavors and that the measures of the United States concerning semiconductors should be withdrawn promptly.

The President and I noted with satisfaction the progress seen on other specific issues. The two governments will continue to work to resolve remaining issues. I explained to the President that our government is taking the lead in the effort to expand the import through

extraordinary and special budget measures of substantial magnitude. I also told him that our government intends to complete our 7-year target for doubling our official development assistance 2 years in advance; to recycle more than \$20 billion, new funds, in totally untied form over 3 years, mainly to the developing countries suffering from debt problems, totaling more than \$30 billion if added from the previous pledge; and to extend positive assistance to sub-Saharan and the other less developing countries. The President expressed his high appreciation for our decision.

The President and I agreed to actively promote the GATT [General Agreement on Tariffs and Trade] Uruguay Round. We noted that all of our nations' policies affecting trade in agriculture are a subject for discussion in the Uruguay Round, along with the agriculture policies of other nations. The President explained that he's endeavoring to reduce the budget deficit and to promote measures to improve competitiveness. I stated my strong wish for the success of these policy measures. Moreover, I was encouraged by the President's statement of his determination to stand firm against protectionism.

We noted with satisfaction that the security relations between our two countries are excellent and agreed that Japan and the United States will continue our efforts for further strengthening the credibility of the Japan-U.S. security arrangements. I reiterated my firm belief that the global and total elimination of long-range INF [intermediate-range nuclear forces] is the best solution for the security of the West and that that remain the ultimate goal.

Should an interim agreement be arrived at, the President concurred with my statement: Japan, in close communication with the United States, will expand its effort for the political and economic stability of the regions of the Middle East, Africa, the South Pacific, and Latin America as well as Asia. In particular, we reaffirmed our further support for the Philippines.

We also agreed, given the present severe international economic situation, on the need for stronger political leadership in promoting policy coordination among the nations at the upcoming Venice summit.

We should also further consolidate the solidarity of the West in political fields in light of the present state of East-West relations and of arms control negotiations. Taking into account the results of our meetings, including our

mutual agreement to hold regular, annual Japan-U.S. summit meetings, I renew my determination to do my utmost to further consolidate U.S.-Japan relations for the peace and prosperity of the world.

JOINT STATEMENT, MAY 1, 1987

President Reagan and Prime Minister Nakasone reaffirmed their commitment made at the 1986 Tokyo summit to strengthen international economic policy coordination. They welcomed the progress that has been made toward this end, including the commitments and actions embodied in the Louvre accord and in the recent statement of the G-7 in Washington. They agreed that reducing the large trade imbalances of the United States and Japan—which they view as politically unsustainable—is a key objective of their policy efforts.

In this regard, the President emphasized his determination to reduce the U.S. budget deficit. He also pledged to pursue vigorously policies designed to improve the competitiveness of American industry and to resist firmly protectionist pressures. Prime Minister Nakasone outlined his plan to take vigorous action to stimulate domestic growth in Japan. This action includes the step just taken by the Bank of Japan to begin operations to lower short-term interest rates. The Ministry of Finance supports this action. Other short- and medium-term policy actions to stimulate

growth will include: support for the governing Liberal Democratic Party's proposals for near-term enactment of a comprehensive economic package, including unprecedented front-loading of public works expenditures and fiscal stimulus measures amounting to more than 5 trillion yen; further measures to liberalize Japanese financial markets; and redoubled efforts to implement the recommendations for structural reform in the Maekawa report.

The President and Prime Minister agreed that outstanding trade issues between the two countries need to be resolved expeditiously. In this connection, they referred to the specific discussion of trade policy matters in their respective departure statements.

The President and Prime Minister agreed that a further decline of the dollar could be counterproductive to their mutual efforts for stronger growth in their economies and for reduced imbalances. In that connection, they reaffirmed the commitment of their governments to continue to cooperate closely to foster stability of exchange rates.

¹Texts of the President's and Prime Minister's remarks and the joint statement from the Weekly Compilation of Presidential Documents of May 4, 1987.

²Held at the South Portico of the White House where Prime Minister Nakasone was accorded a formal welcome with full military honors.

³Held at the Department of State (press release 96 of May 1).

⁴Held in the Rose Garden at the White House. ■

and the United States. Nevertheless, the words are suggestive of the trend that has marked the course of our relations over the past 15 years as we have replaced hostility with friendship and rediscovered the wisdom of dealing with each other in terms of mutual respect, dignity, and courtesy—as behoves two great Pacific nations with a long history of positive interaction.

Historical Perspective

Only two decades ago, the United States of America and the People's Republic of China (P.R.C.) were separated by seemingly insurmountable differences. China was embroiled in the chaos of the Cultural Revolution and had isolated itself from the rest of the world. We were deeply involved in Vietnam as an outgrowth of our concerns about communist designs on Southeast Asia. The deep-seated mutual antagonisms bred by the Korean war, and the vast differences in our political and social systems, cultural and historical backgrounds, and foreign policy objectives, made future confrontation seem more likely than cooperation.

Beginning in the early 1970s, however, courageous leaders on both sides began the process of transforming enmity into friendship. This year we are celebrating the 15th anniversary of the Shanghai communique, a declaration which had a profound impact on our bilateral relations, on the region as a whole, and, indeed, on the global strategic balance. This document, together with the 1979 Joint Communiqué on the Establishment of Diplomatic Relations between the United States of America and the People's Republic of China and the August 17, 1982, joint communique on arms sales to Taiwan, established the foundation for the stable and durable relations which we enjoy today and on which we hope to build in the future. In short, as the ancient Chinese sage anticipated, through mutual respect and courtesy, we have shown that countries whose histories, cultures, and political/economic systems are markedly different can work together in the spirit of cooperation.

Current Status of Relations

Our current relations with the Chinese can be characterized by the word "maturity." Since the establishment of diplomatic relations 8 years ago, we have become accustomed to dealing with each other in normal ways. Through regular exchanges of visits between

J.S. Policy Priorities for Relations With China

by *Gaston J. Sigur, Jr.*

Address before the National Issues Forum on the Outlook for U.S.-China Trade and Economic Relations at the Brookings Institution on April 22, 1987. Mr. Sigur is Assistant Secretary for East Asian and Pacific Affairs.

It is a pleasure to appear this afternoon before the forum on "The Growing Role of China in U.S. Economic Relations," sponsored by the Brookings Institution. As usual, Brookings has drawn together distinguished representatives from academic, business, government, and diplomatic circles—people who are knowledgeable and experienced and

whose views on China are worthy of attention. Such gatherings can contribute to our appreciation of the complex realities of current relations between China and the United States.

There is an ancient Chinese maxim which speaks to the nature of human interaction and, by extension, to international relations as well. It states: "For those who respect the dignity of man, and practice what . . . courtesy requires—all within the four seas are brothers."

This maxim expresses an ideal which few humans and fewer nations have ever achieved. Certainly, I am not so disingenuous as to suggest that it represents an accurate description of the current state of relations between China

high-level leaders, regional and local officials, academics, business people, scientists, cultural representatives, students, and ordinary citizens, we have learned to communicate more effectively with each in a broad range of areas. We have developed a limited military relationship consistent with the friendly nonallied status of our relationship. And we have reached agreements in such areas as science and technology, nuclear cooperation, taxes, trade, culture, and education.

Politically, the United States and China have found we have common interests on a range of regional matters in Asia. We agree, for example, that the conflicts in Cambodia and Afghanistan must be resolved through the withdrawal of foreign forces. The People's Republic also shares our desire to enhance stability on the Korean Peninsula and to reduce tensions between the North and the South.

Differences in our policies do exist, of course. We have established a framework—in the form of the three communiqués—for dealing with the problem of Taiwan, but we still differ at times over how these principles are applied. We do not always see eye to eye on matters such as population control, human rights, and some trade issues. We can anticipate that such differences will continue to arise during the course of our relations. Nevertheless, it is indicative of the maturity of our present ties that we can now discuss such differences in a nonpolemical atmosphere, without permitting them to hinder the search for ways to improve our overall relationship.

Thus, if I were to summarize the decade and a half of our present association, I would say that we have made an excellent start. But the time has now come for us to move beyond this initial phase in a growing relationship—a phase marked by the excitement of getting used to one another again after a prolonged separation, the renewal of contacts between our governments and peoples, and the creation of the infrastructure necessary for us to conduct a normal relationship.

Where Do We Go From Here?

As we enter this new, more mature phase in our relations, we will be confronted with issues no less concrete and complex than those we faced in the past. This phase will present enormous new opportunities, but it will also test the strength of the bonds which we have

created and place new demands on our ability to speak and deal frankly and honestly with one another. This phase poses new questions about our future relationship.

- What are our policy priorities for China in the next phase of our relations?
- What are the critical elements of our relationship, and how would we like these to develop in the coming years?
- Where do we go from here?

Basic Priorities

In the broadest sense, our chief priority is to continue building a friendly and cooperative relationship with China that will be a stabilizing factor in East Asia and the world. In his speech in Shanghai last month, Secretary Shultz recalled that our two governments had agreed in the Shanghai communiqué that "normalization of the relations between the two countries is not only in the interest of the Chinese and American peoples but also contributes to the relaxation of tension in Asia and the world." We both have a major responsibility to ensure that this remains as true in the future as it has been in the past.

Fortunately, we now have a strong base to build on. A broad consensus on China policy continues to exist in the United States—a consensus which had its roots in President Nixon's initial overtures to China, which has been given fresh impetus under President Reagan, and which enjoys broad congressional and public support. This consensus rests on certain central beliefs:

- That our long-range foreign policy goals in East Asia require us to meet the Soviet strategic and geopolitical challenge in the area;
- That to do so we must preserve a communality of interests with major Asian states such as China, with our allies, and with other key East Asian nations;
- That our interests must be pursued within the context of a one China policy; and
- That Taiwan's future should be determined by the Chinese on both sides of the strait; our sole interest is that the issue be resolved peacefully.

A second key element in this consensus is the conviction that U.S. interests are served by the P.R.C.'s continued commitment to economic modernization, internal reform, and expanded relations with foreign countries—the so-called open door policy. Since China emerged from the chaos of the Cultural Revolution, the nation's preoccupation has been

to make up for lost time through speedy modernization. Under Deng Xiaoping's leadership, the Chinese have undertaken major initiatives on many fronts: raising agricultural production; improving living standards; economically developing the less advanced interior regions; reforming industry; expanding foreign trade and investment; and playing a more active role in the global economy.

These bold domestic policies have not been without difficulties. Ironically, these have centered on problems of too rapid development rather than too slow growth. Nevertheless, despite these problems, China's efforts have been remarkably successful. We welcome this since we believe cooperation on modernization can bring benefits for both of us. We have, therefore, noted with pleasure statements by Deng Xiaoping, Zhao Ziyang, and other Chinese leaders that recent internal developments in China will not alter the government's commitment to reform policies and keeping open the door to the outside world.

Why should the United States be interested in China's modernization? The answer is simple. The flow of goods, people, and ideas not only contributes to China's modernization but also yields opportunities for American business. It enriches the cultural life of both nations and builds American and Chinese constituencies supportive of the overall relationship. We believe that a friendly, modernizing China will have a greater stake in regional stability, will be less vulnerable to outside pressures, and can better integrate itself into the world economy. As Secretary Shultz noted when he spoke before a group of students at the Dalian Management Training Center last month:

For China, for the United States, and for other nations as well, [the coming] new . . . will require, above all else, that we continue to open our doors to one another. When such doors are open—when people, goods, and ideas can flow freely between us—both Chinese and Americans can learn from each other. Through such openness, societies are better able to stimulate and to take advantage of the inherent dynamism and creativity of their peoples.

In sum, it is in our own self-interest to cooperate with China in its modernization efforts.

Specific Objectives

Now let me turn to the critical elements in our relationship and how we would like these to develop. Since the topic of this forum is economic, let me begin in that area.

China and the United States have already forged impressive economic ties. American companies have invested more than \$1.5 billion in China, and total American investment stands third, behind only Japan and Hong Kong. We are, in turn, one of China's most important markets, absorbing more than 10% of all Chinese exports. Our two-way trade, which was about \$1 billion 7 years ago, has surpassed \$8 billion for the past 2 years.

There is still more to be done if we are to tap the full potential of trade between our nations. Looking ahead, we see a single out several areas for special attention:

- Support China's modernization drive by further liberalizing our export controls;
- Encourage further integration of China's economy into the world market through bringing China into the GATT [General Agreement on Tariffs and Trade];
- Expand opportunities for U.S. trade and investment in China (we hope, in this connection, that China will also seek further to improve conditions for foreign investors);
- Encourage China to diversify its exports to the United States and to resist from protectionist measures (such as higher tariffs, expanded import licensing, and limited availability of foreign exchange) which might provoke a reaction in Congress; and
- Continue efforts to reach understandings on textiles, maritime relations, the bilateral investment climate, and airline traffic rights.

Political Objectives

Similarly, in our political association, we hope to build upon the foundation which we have put in place. We are seeking to:

- Continue regular exchanges of views at authoritative levels, such as occurred during the recent trips by Secretaries Weimberger, Shultz, and Baldrige to China and during Vice Premier Yao Yilin's visit to the United States last year—we expect a high-level Chinese official to visit soon;
- Develop our bilateral military relationship with the P.R.C. in ways that contribute to common security concerns;
- Seek practical cooperation on Asian matters, such as Cambodia and Afghanistan, and our shared goal of stability on the Korean Peninsula;
- Explain U.S. views on Third World issues—the Middle East, Central America, South Africa—where Chinese

and U.S. positions are often at odds, to provide China with a better understanding of our policies on these matters; and

- Regarding Taiwan, facilitate an environment in which an evolutionary process toward a peaceful solution, worked out by the parties themselves, can occur.

Conclusion

Thus, we remain hopeful that the maturity and stability of our current relationship will allow us to address ongoing problems in a constructive and cooperative way. As Secretary Shultz indicated in his Dalian speech, we are entering a new age—an age that will necessitate greater cooperation between nations than ever before, that will demand stronger bonds between peoples of different backgrounds and cultures, and that will require a more cosmopolitan outlook in approaching the world's problems. In this regard, we applaud China's reemergence from isolation and its assumption of an important role as a responsible world leader.

In this cosmopolitan spirit, let me conclude with a story from the Latin poet Virgil. He tells how the Trojan prince Aeneas was shipwrecked in a country he feared was inhabited by barbarians. But as he looked around and observed the buildings and gardens adorned with graceful carvings, he realized that these men knew the beauty and "pathos of life, and that mortal things touch their hearts." And, indeed, the people—the Carthaginians—proved friendly and hospitable when at last he met them.

Similarly, China and the United States have viewed each other over the years with many apprehensions and misconceptions. Our success to date has been in overcoming such fears. As a result, like the ancient Trojans and Carthaginians, Chinese and Americans alike have discovered a friendly people upon each other's shores. The task before us now is to build upon that friendship, to expand areas of common interest, and to resolve disagreements through discussion and negotiation. In so doing, perhaps we can contribute to bringing closer the day when all men truly shall be brothers. ■

OECD Council Meets in Paris

The annual Council of the Organization for Economic Cooperation and Development (OECD) met in Paris May 12-13, 1987. The U.S. delegation was headed by Secretary of the Treasury James A. Baker III. Following is the text of the final communique.

The Council of the OECD met on 12 and 13 May at Ministerial level. The meeting was chaired by Dr. Martin Bangemann, Federal Minister of Economics of the Federal Republic of Germany. The Vice Chairmen were Mr. Uffe Ellemann-Jensen, Minister for Foreign Affairs, and Mr. Palle Simonsen, Minister of Finance, of Denmark. And Mr. Roger Douglas, Minister of Finance, of New Zealand. On the 40th anniversary of his Harvard speech, the Council paid tribute to the vision of international cooperation framed by General George C. Marshall.

I. Improving Growth Prospects

The economic strategy of the OECD countries has, over recent years, brought inflation down to its lowest level for a generation, at

the same time maintaining positive growth rates. The long-term effort must be pursued, taking account of developments, in order to strengthen the prospects for stable and sustainable growth; to reduce substantially the levels of unemployment—unacceptably high almost everywhere; to correct the massive current account imbalances of the major countries; to consolidate the improvement in exchange rate configurations while achieving greater stability; and to improve the economic performance of developing countries. The first and foremost contribution that the OECD countries can make to world prosperity is to foster vigorous economies in an open multilateral trading system.

In order to achieve these objectives, Ministers agree upon the following wide-ranging and mutually reinforcing actions. They are based on a common will to use to the full the possibilities of international cooperation and to exploit for the best the interactions between macroeconomic and structural adjustment policies. Improved policies in both fields are interrelated elements in the strategy for stronger growth of output and employment. Both are essential. Macroeconomic policies stabilize expectations, build confidence for the medium term, and strengthen growth prospects. Micro-

economic policies create a more dynamic and responsive environment, in which growth and adjustment forces are stronger, and macroeconomic policies are more effective.

II. Macroeconomic Policies

Macroeconomic policies must respond simultaneously to three needs: maintaining medium-term orientations which contribute to the stability of expectations and building confidence; unwinding the present exceptionally large external imbalances of the major countries; and exploiting to the full the potential for noninflationary growth and thus for stronger job creation. International complementary and compatibility of policies are essential in order that adjustment takes place in the perspective of growth and of exchange-rate stability. Each country must make its contribution to the collective effort. In particular, the effective implementation of the commitments in the "Louvre Agreement," together with those in the recent communiqué of the Group of Seven countries, shall be achieved quickly, member countries will reinforce their cooperation, continue to review the policy requirements of the situation, and introduce further measures as necessary.

Monetary policies, supported by fiscal policies, should remain geared toward growth of monetary aggregates and maintenance of financial market conditions consistent with low inflation objectives and real growth potential. They should also contribute to the orderly behavior of exchange rates. In view of the outlook for low inflation in many countries, a further decline of interest rates in these countries—in particular a market-led decline of long-term rates—would be helpful.

Since the possibilities for monetary policy, by itself, to improve prospects are limited, these need to be enhanced by further action on the fiscal front.

In the United States, the process of reducing the Federal budget deficit—which is coming down from 5.2% of GNP (gross national product) in 1986 to less than 4% in 1987—must and will continue in the years ahead. Holding firm to this course is essential for external and domestic reasons. The confidence of economic agents, in the United States and elsewhere, depends heavily upon it. So do, consequently, the prospects for moderate interest rates and stable exchange rates, sound economic activity with an adequate flow of funds into productive investment, and resistance to protectionist temptations. These highly beneficial effects of reducing the Federal budget deficits should, over time, outweigh any short-term dumping effect in the United States. Exchange rate changes have improved the cost competitiveness of U.S. products and are having a positive effect on net exports.

For Japan the objective is to achieve stronger growth with domestic demand increasing more rapidly than output, accompanied by a rapid growth in imports, consistent with the substantial terms-of-trade gains which have taken place. The reaffirmation by the Japanese Government of its intention to

further improve access to its domestic markets for foreign goods and services is also welcome. The Japanese authorities will take further substantial fiscal and other measures to strengthen the growth of domestic demand. This will not prejudice medium-term budgetary objectives of the central government. In this regard, it is to be noted that the recently announced Japanese initiative to expand domestic demand is part of the far-reaching longer-term effort to reorient the Japanese economy.

In Germany, also, the growth of domestic demand, and particularly of private investment, must exceed substantially the growth of potential output. In order to support growth and external adjustment, the German Government has already announced that some scheduled tax cuts will be accelerated to 1 January 1988 and a broader tax reform will be implemented in 1990. This will have a favorable influence on investment. In addition, further measures of structural adjustment, including reduction of subsidies, will be implemented. Taken together, these actions will contribute to an increase of the general budget deficit relative to GNP between now and 1990. Fiscal prudence over recent years permits this kind of action. Should there be a serious risk to the sustained expansion of domestic demand, especially private investment, the medium-term strategy for growth and higher employment would be adjusted as a consequence.

Other countries with substantial current account surpluses should also take appropriate action to encourage domestic demand growth relative to sustainable output.

Some countries face tight constraints insofar as fiscal policy is concerned. For countries which have large budget deficits, priority must continue to be given to correcting them. There are a few countries in Europe, however, where budget deficits are not large but where current account considerations constrain policy. Scope for fiscal action on the part of these countries would be increased and growth prospects improved if demand strengthened in their major trading partners. In this latter respect, and as an example, a cooperative economic strategy of the EEC [European Economic Community] countries could take advantage of their interdependence and be accompanied by other European countries.

III. Structural Adjustment Policies

Ministers welcome the report on structural adjustment and economic performance. Despite progress in recent years, OECD economies are still hampered by major distortions and rigidities. These compound current macroeconomic problems and retard growth. Increasing competition in product markets, responsiveness in factor markets, and effectiveness in the public sector will contribute significantly to growth potential in all countries. Priorities in reforming structural policies will vary in individual countries, reflecting differing national situations but also international requirements. It is thus essential that concerted action be guided by

common principles. To ensure the greatest gains from reform, action must be broad, bold, sustained, and, to the extent possible, built on international economic cooperation. The effects of such action will emerge mainly in the medium term. Implementation now, by expanding opportunities and bolstering confidence about the future, will underpin present efforts to strengthen noninflationary growth and to reduce unemployment. Successful structural adjustment can simultaneously increase fairness and offer improving opportunities for all. Increasing social dialogue is an integral part of this process.

Industrial subsidies, to the extent they are a source of domestic and international distortions and an impediment to structural adjustment, should be reduced. The work on industrial subsidies initiated by the organization is, therefore, to be encouraged and pursued actively.

The conclusions drawn by the Economic Policy Committee on the report on structural adjustment were endorsed and will guide action in the forthcoming years. The Secretary General is requested to report, at appropriate intervals, on the work of the organization on microeconomic and structural issues at subsequent meetings of the Council at Ministerial level.

Trade Policies. International trade provides, through competition, the most powerful means of promoting economic efficiency and growth. Measures which impede or distort the functioning of international markets tend to impair structural adjustment, preserve outdated economic structures, damage consumer interests, weaken incentives for efficient investment, and thus hinder economic growth. Therefore, it is of paramount importance to reverse recent trends toward restrictive trade measures, notably of a bilateral or a discriminatory nature, and to act with determination to strengthen and extend the open multilateral trading system. The OECD will intensify its monitoring of the various aspects of trade policies.

The Uruguay Round presents a unique opportunity to create an improved framework for trade in the 1990s and beyond. It is essential to ensure that renewed signs of protectionism and conflict management on a bilateral basis should not be allowed to undermine confidence in the Punta del Este declaration or in the negotiating process it has initiated. Ministers affirmed the determination of their countries to resist these trends and to work for rapid, sustained, and substantive progress in the negotiations toward a balanced global result which would be of benefit to all, developed and developing countries alike. OECD countries will prove this determination by tabling in the coming months comprehensive proposals covering the various fields of the negotiations, by carrying out the standstill and rollback commitments they have entered into, and by opposing domestic protectionist pressures. In keeping with the Punta del Este declaration, Ministers reaffirmed that the conduct and the implementation of the outcome of the negotiations shall be treated as parts of a single undertaking. However, agreements reached at an

early stage may be implemented on a provisional or a definitive basis by agreement prior to the formal conclusion of the negotiations. Early agreements shall be taken into account in assessing the overall balance of the negotiations.

Ministers noted the welcome progress on trade in services in the Organization. This is of particular importance in the light of the inclusion of services in the Uruguay Round. Further related work will be needed to refine the concepts for liberalization of trade in services as well as continuing efforts to strengthen the OECD codes of liberalization of financial operations and of capital movements. This will be pursued actively.

Ministers welcome the agreement recently reached by the participants in the arrangement on guidelines for officially supported export credits in response to directives from the 1984 and 1985 meetings of the Council of the OECD at Ministerial level. The agreement will strengthen substantially the arrangement and reduce the risk of trade and aid distortions. Ministers also welcomed the recent agreement on the related DAC [Development Assistance Committee] guiding principles. These are a tangible sign of cooperation in a difficult period.

Agriculture. The joint report of the Trade and Agriculture Committees (X) was approved. This important work clearly highlights the serious imbalances that prevail in the markets for the main agricultural products. Boosted by policies which have prevented an adequate transmission of market signals to farmers, supply substantially exceeds effective demand, and the cost of agricultural policies is considerable, for government budgets, for consumers, and for the economy as a whole. Moreover, excessive support policies entail and increasing distortion of competition on world markets and run counter to the principle of comparative advantage which is at the root of international trade and severely damage the situation of many developing countries. This steady deterioration, compounded by technological change and other factors, such as slow economic growth or wide exchange rate changes, creates serious difficulties in international trade, which risks going beyond the bounds of agricultural trade alone.

All countries bear some responsibilities in the present situation. The deterioration must be halted and reversed. Some countries, or groups of countries, have begun to work in this direction. But, given the scope of the problems and their urgency, a concerted reform of agricultural policies will be implemented in a balanced manner.

Reform will be based on the following principles:

A. The long-term objective is to allow market signals to influence by way of a progressive and concerted reduction of agricultural support, as well as by all other appropriate means, the orientation of agricultural production. This will bring about a better allocation of resources which will benefit consumers and the economy in general.

PROCLAMATION 5655. MAY 15, 1987¹

Each year, World Trade Week celebrates the many benefits of international trade to our country and all countries. This commerce strengthens our economy in many ways. Exports expand our business and employment opportunities; in the growing world marketplace, over 5 million American jobs are related to foreign sales. Imports also enrich our lives. Foreign goods increase consumer choice both in terms of quality and price. Competition from foreign producers provides an important stimulus to American producers to maintain and enhance the quality of American-made products.

Americans can be proud of the role our country plays in international trade. We are the world's largest participant in international commerce. We have also taken a leading role in ensuring the expansion of international trade around the world. Our initiative has made possible successive monetary and trade agreements that have integrated world markets and offered unprecedented prosperity. We have extended friendship to former adversaries and have seen them grow into valued trading partners. Through our impetus, the developing and newly industrialized countries become fully accepted into the world trading community.

As increased trade has led to increased integration of world economies, the growth of the world economy has become more dependent on achieving better coordination of macroeconomic policies and continued adoption of sound microeconomic policies to facilitate structural adjustment. Thus, it is crucial that cooperative solutions be found to the problems faced in the international economy.

For its part, the United States must work to regain and sustain our competitiveness in

B. In pursuing the long-term objective of agricultural reform, consideration may be given to social and other concerns, such as food security, environment protection, or overall employment, which are not purely economic. The progressive correction of policies to achieve the long-term objective will require time. It is all the more necessary that this correction be started without delay.

C. The most pressing need is to avoid further deterioration of present market imbalances. It is necessary:

- On the demand side, to improve prospects as much as possible inside as well as outside the OECD area;
- On the supply side, to implement measures which, by reducing guaranteed prices and other types of production incen-

world markets; continue with its efforts to expand and improve the ground rules of world trade provided by the General Agreement on Tariffs and Trade; and resist pressures toward protectionism. The futile prescription of protectionism would only fuel inflation; lower economic growth; and invite retaliatory policies against our exports.

It is also important for our trading partners to do their part—by dismantling protective barriers around their home markets and allowing more open competition; by adopting fiscal, monetary, and exchange rate policies that are in line with goals of stable growth with low inflation; and by helping resolve the problem of Third World debt.

The challenges we face are difficult. They require the strong resolve of all nations. We can and will succeed in these ventures that offer much for the American people and for the peoples of the world.

NOW, THEREFORE, I, RONALD REAGAN, President of the United States of America, by virtue of the authority vested in me by the Constitution and the laws of the United States, do hereby proclaim the week beginning May 17, 1987, as World Trade Week. I invite the people of the United States to join in appropriate observances to reaffirm the great promise of international trade for creating jobs and stimulating economic activity in our country and for generating prosperity everywhere.

IN WITNESS WHEREOF, I have hereunto set my hand this fifteenth day of May, in the year of our Lord nineteen hundred and eighty-seven, and of the Independence of the United States of America the two hundred and eleventh.

RONALD REAGAN

¹Text from Weekly Compilation of Presidential Documents of May 18, 1987. ■

tives, by imposing quantitative production restrictions, or by other means, will prevent an increase in excess supply.

D. When production restrictions are imposed or productive farming resources withdrawn by administrative decision, these steps should be taken in such a way as to minimize possible economic distortions and should be conceived and implemented in such a way as to permit better functioning of market mechanisms.

E. Rather than being provided through price guarantees or other measures linked to production or to factors of production, farm income support should, as appropriate, be sought through direct income support. This approach would be particularly well-suited to meeting the needs of, amongst others, low-

income farmers, those in particularly disadvantaged regions, or those affected by structural adjustment in agriculture.

F. The adjustment of the agricultural sector will be facilitated if it is supported by comprehensive policies for the development of various activities in rural areas. Farmers and their families will thus be helped to find supplementary or alternative income.

G. In implementing the above principles, governments retain flexibility in the choice of the means necessary for the fulfillment of their commitments.

The Uruguay Round is of decisive importance. The ministerial declaration of Punta del Este and its objectives provide for the improvement of market access and the reduction of trade barriers in agriculture and will furnish a framework for most of the measures necessary to give effect to the principles for agricultural reform agreed upon by OECD ministries, including a progressive reduction of assistance to and protection of agriculture on a multicountry and multicommodity basis. As agreed in Paragraph 16, the Uruguay Round negotiations will be vigorously pursued and comprehensive negotiating proposals tabled over the coming months, in this as in other fields. In the Uruguay Round, appropriate account should be taken of actions made unilaterally.

In order to permit a deescalation of present tensions and thereby enhance prospects for the earliest possible progress in the Uruguay Round as a whole, OECD governments will carry out expeditiously their standstill and rollback commitments and, more generally, refrain from actions which would worsen the negotiating climate. They will, *inter alia*, avoid initiating actions which would result in stimulating production in surplus agricultural commodities and in isolating the domestic market further from international markets. Additionally, they will act responsibly in disposing of surplus stocks and refrain from confrontational and destabilizing trade practices.

Agricultural reform is not solely in the interests of member countries. Developing countries which are agricultural exporters will benefit from a recovery on world markets. Developing countries which are importers of agricultural produce will be encouraged to base their economic development on more solid ground, by strengthening their own farm sector.

Agricultural reform poses vast and difficult problems for member countries. Strengthened international cooperation is needed to overcome these problems. The OECD will continue to contribute to their solution by deepening further its work. By updating and improving the analytical tools it has begun to develop and which will prove particularly valuable in many respects, by monitoring the implementation of the various actions and principles listed above. The Secretary General is asked to submit a progress report to the Council at Ministerial level in 1988.

Financial Markets. The process of liberalization in financial markets and financial institutions must continue. In order to secure the clear benefits deriving from this process and to ensure the viability and stability of these markets, efforts will be intensified in the appropriate fora with a view to increasing compatibility and convergence of policies regarding prudential supervision of these markets.

Tax Reform. Most OECD countries have undertaken or are considering major tax reforms. Well constructed tax reform can considerably enhance performance at both macro and micro economic levels. Tax reform should focus on simplicity, equity, and reducing distortions affecting incentives to work, save, and invest. The competent bodies of the Organization will actively contribute to reflection on tax reforms in member countries and consider the best means of achieving them with due respect given to international aspects.

Technological Change. The development and diffusion of technology is central to the growth of output, employment, and living standards. The process of technological change provides opportunities that must be grasped. Much work has already been done within the Organization on analyzing and interpreting various elements of this process. It now seems necessary to define an integrated and comprehensive approach to the different technology-related questions, to deepen the analysis in order to understand better, and make better use of, technological advances. The Secretary General's intention to develop and carry out such an approach was welcomed. A progress report will be made to Ministers at their meeting in 1988.

Employment and Socioeconomic Reform. In view of the seriousness of unemployment problems in most countries, three areas of socioeconomic reform are particularly important—all involve, in varying degrees, the private sector and the social partners as well as governments. First, there is a pressing need in many countries to improve the quality of education and training systems and to adapt them more to the needs of societies and economies undergoing rapid structural change. Second, more flexible labor markets are needed to facilitate access to the new jobs emerging as structural and technical change accelerates. Third, employment and social protection policies need to evolve so that displaced and unemployed people are given not only income support but also—especially through training—opportunities and incentives to get back into work or other useful activities such as local employment initiatives. OECD work in these areas will be intensified, a key aim being to prepare a new framework for labor market policies as agreed at the meeting of the Manpower and Social Affairs Committee at Ministerial level in November 1986.

Environment. There is general agreement that environmental concerns have to be given a high priority in government policies in order to safeguard and improve the quality of

life as well as to preserve the resource base needed for sustained global economic development. Member countries will develop, within OECD, approaches and methods for more systematically and effectively incorporating environmental considerations into the policymaking process. Work will be intensified on policies needed to prevent more effectively the release of hazardous substances to the environment, including from large-scale accidents. In this connection international cooperation should be reinforced. The recently presented report of the World Commission on Environment and Development, "Our Common Future," will be studied closely in member governments and in the Organization.

Energy. The past year has seen considerable falls in the prices of oil, gas, and coal. While lower energy prices have broad economic benefits, they tend to increase consumption and reduce indigenous production of energy. The Chernobyl reactor accident has underlined the safety aspects of nuclear power. These developments could intensify the tightening of energy markets expected for the 1990s. The Governing Board of the International Energy Agency, meeting at Ministerial level on May 11, 1987, agreed to strengthen existing policies in a number of areas in order to advance the objectives of energy policy while continuing to secure the general benefits of lower energy and oil prices. These areas include indigenous energy production, the efficient use of energy, diversification of sources of primary energy particularly those used in the generation of electricity, the promotion of free and open trade in energy, measures to respond to an interruption in oil supplies, and due recognition of environmental concerns.

IV. Relations With Developing Countries

In a world characterized by an increasing level of interdependence, the economic problems and performance of developing countries have become increasingly diverse. While a number of developing countries, particularly in Asia, have made significant progress, many others have suffered economic setbacks in recent years. Economic cooperation with developing countries must respond to varying capacities and needs in the critical areas of development, trade, debt, and finance.

Developing countries must strive to ensure a better environment for developing countries' growth and exports in the interest of these countries as well as of the international economy more generally. In this regard, the implementation of the policy directions and objectives set out in this communique will represent a significant contribution by OECD countries to better global prospects.

Economic policies in developing countries themselves will remain a major factor in their own performance. Upon them depend heavily confidence, savings, and investment, both domestic and foreign. The wide range of developing countries presently implementing economic policy reforms to establish a sound development process must be supported and

IEA Governing Board Meets in Paris

The International Energy Agency (IEA) met at the ministerial level in Paris May 11, 1987. The U.S. delegation was headed by Secretary of Energy John S. Herrington.

Following are Secretary Herrington's statement at that session and the text of the final communique.

SECRETARY HERRINGTON'S STATEMENT

Since we last met here 2 years ago, competition in the world energy economy has brought about a sharp drop in oil prices, triggering major dislocations and adjustments. The United States is both the largest producer and the largest consumer in the IEA. Lower prices benefit U.S. consumers and the overall economy. But U.S. producers, and the industries that depend on them, have had to adjust to the new market conditions while, in many cases, coping with taxes and regulations imposed in a period of higher prices.

At President Reagan's direction, my Department recently undertook an in-depth review of our energy security situation in light of lower oil prices. We have found that continued reliance on the market to set prices and allocate energy supplies and investments is the best long-term strategy for sustaining a strong national oil industry, assuring our economic prosperity, and bolstering our energy security. We also found that the economic costs of an oil import fee far outweigh any security benefits, and, therefore, an import fee has been rejected. Instead, we have recommended measures to adjust the taxation, leasing, and regulatory regimes to current market conditions.

We recognize that the world oil market is not perfectly competitive and that major suppliers at times can exercise their power in an arbitrary way. But experience over the past decade also shows that the market imposes an underlying discipline that cannot be ignored. Attempts to fix prices (by producers, consumers, or both acting jointly) will result in inefficiency and ultimately will exacerbate the instability they seek to prevent. Therefore, while we continue to value constructive bilateral contracts with producers, we are firmly opposed to multilateral

producer-consumer discussions which would inevitably lead to discussions of oil prices and production levels and misguided efforts aimed at stabilization.

International cooperation is critical to energy security. Go-it-alone approaches ignore the reality of increasingly independent markets. We continue to regard the IEA as the best mechanism for coordinating and concerting energy policies among the industrialized democracies.

Energy supply disruptions can damage our economic prosperity, undermine national security, and weaken our capability to achieve foreign policy objectives. Should a disruption occur, the early use of strategic stocks can mitigate the economic damage caused by price increases. Moreover, a credible strategic oil stockpile serves as a deterrent to those who might be tempted to use oil as a political weapon.

Our challenge is to strengthen our cooperation on emergency preparedness. Total IEA stocks today exceed 90 days of last year's imports, but some cannot be used without disturbing the normal operations of the oil industry. In addition, there are wide disparities among the stock levels held by member countries. The United States maintains government-owned oil stocks in excess of 515 million barrels, about 100 days of net 1986 imports. President Reagan announced last week his support for filling the strategic petroleum reserve by 100,000 barrels per day in order to meet by 1993 his goal of a 750-million-barrel reserve, provided that budget offsets are made available to cover the costs of this higher fill rate. This would represent a tripling of the rate previously planned for FY 1988.

Other IEA members maintain much lower total stock levels, much of which are not under unequivocal government control. Some member countries do not even meet the 90-day requirement of the international energy program.

We recognize that oil demand restraint is the approach some countries prefer for addressing the early stages of a supply disruption. However, the effectiveness of demand restraint measures is difficult to quantify and predict, and their implementation will have adverse economic impacts. Countries relying on demand restraint have an obligation to evaluate quantitatively the effectiveness of their programs and to demonstrate

encouraged by all possible means including improved market access and official development assistance. In this regard, it is important to maintain and as far as possible increase the flow of development assistance, as well as to improve its quality and effectiveness. Those developing countries whose economic strength is already significant should progressively play their full part in the rights and obligations of the multilateral trading system. It is important that the potential offered by the private sector be fully exploited.

Large debt burdens remain a major impediment to growth in certain heavily indebted middle-income countries. There is no feasible alternative today to the cooperative strategy adopted for the solution of these problems. Only enhanced cooperative action, on a case-by-case basis, by all parties involved—debtor and creditor governments, the international financial institutions, and private banks—will permit reducing the strains in a growth-promoting environment. For some countries, notable progress has been made in this process. However, in some cases, difficulties in the adjustment and financing processes point to the need for improvements. The trend towards innovative and more flexible approaches on the financing side, both private and official, should play a key role in making debt burdens more manageable and restoring capital flows.

Even more constraining are debt problems among low-income countries. Proposals have recently been made by OECD countries for additional action to reduce the debt servicing burden of the poorest countries, especially in sub-Saharan Africa, undertaking strong growth-oriented adjustment programs. Early results from the current discussions among creditor governments will be urgently sought.

For poorer developing countries, provision of adequate concessional finance is essential. OECD countries' record in this respect is already substantial but should be further enhanced. The volume and forms of aid must be commensurate with the growing requirements of policy reform programs and broader development efforts. The new DAC guiding principles for using aid to support improved development policies and programs and strengthening aid coordination with developing countries are welcomed.

Commodity dependent developing countries face difficult problems in view of the outlook for many commodities. An acceleration in world growth would improve the prospects for these countries. New efforts should be made to diversify their economies and to address the structural and development dimensions of commodity dependence. Action to remove measures distorting trade in commodities will make an important contribution to export prospects for commodity dependent developing countries.

UNCTAD VII [the seventh meeting of the UN Conference on Trade and Development] provides an opportunity to discuss with developing countries the major problems and policy issues in the global economy with a view to promoting common perceptions and effective policies for trade and development. ■

their willingness and operational capability to implement these measures in a timely fashion.

The IEA has made progress since our last meeting on procedures for coordinated use of oil stocks and other measures early in a supply disruption, but more needs to be done. We are not seeking a change in the legal requirements but rather a renewed political commitment by net oil importers to increasing accessible government-controlled stocks to levels that will enable member countries to contribute significantly to early response measures. We would like to see acceptance, in principle, that the objective over time should be to ensure, at a minimum, that all stocks that contribute to meeting members' international energy program commitments are truly accessible. We must avoid complacency or the appearance of inaction that would send an erroneous signal to those who would manipulate the market for economic or political gain. Now is the time for other nations to do more in taking on their fair share of building strategic stocks.

Lower oil prices also pose a challenge for international cooperation on long-term energy security. More competitive energy markets make more important than ever before the economic exploitation of the energy resources of the Organization for Economic Cooperation and Development (OECD). Protection of domestic producers by government-imposed barriers to energy trade raises costs, reduces economic efficiency, and violates our mutual commitment to collective energy security. The high level of subsidized coal production in a number of countries severely restricts market opportunities for more efficient IEA coal producers. Open access to low-cost coal from secure sources fosters economically sound structural adjustments, limits the prospects of reverting to oil use as a boiler fuel, and encourages the continued development of massive OECD coal resources. These are goals we should all support.

Long-term energy security will be strengthened by a continued diversification of our energy sources away from oil. We continue to believe that nuclear power is a safe and economic alternative to oil for the foreseeable future. Nuclear energy has been the fastest growing energy source in the United States and is projected to expand by about 7% annually over the next several years. Successful nuclear power programs in OECD countries contribute significantly to global energy supplies. We must all

recognize the benefits that accrue collectively from the nuclear power programs of our member states and act to assure that nuclear power remains a safe energy option for the future.

Indigenous energy production in IEA countries has expanded significantly during the past decade. Further growth is important, but the more competitive energy marketplace will require increased efficiency and productivity of our energy-producing industries. IEA governments should be prepared to review carefully their fiscal and regulatory systems to assure that they are consistent with the new competitive realities. We must seek to reduce governmental burdens on our energy industries wherever possible and work to create favorable investment conditions. In the United States, we have implemented a number of regulatory reforms and are pressing for approval of several key proposals, including repeal of the windfall profits tax on oil, complete decontrol of natural gas prices, and increased access to geologically promising Federal lands. These measures will boost domestic U.S. oil and gas production significantly.

Lower oil prices in no way reduce the need for collaboration on energy research and development efforts. Indeed, increasingly tight national budgets make it imperative that we strengthen our collaboration efforts that were endorsed at our last ministerial meeting. We were pleased to sponsor the 1985 workshop on advanced research and development on end-use technologies and renewable energy sources. It is also important to optimize the utilization of our financial and intellectual resources to develop nuclear physics and fusion technology.

We are deeply committed to the goal of increased energy efficiency. We believe that a greater reliance on the market will promote this goal. Market-based economic growth engenders a dynamism that encourages technological innovation and creates the financial capital needed for investment in new, more efficient technology. The new car fleet in the United States continues to become more efficient, even with lower oil prices, and is now close to the efficiency of new car fleets in the rest of the IEA. We used no more energy in 1985 than in 1973, but GNP has grown by 30%, even though energy prices have been falling for the past 5 years. Last week, in his message to Congress on energy security, President Reagan reaffirmed his goal of diversification.

The United States is deeply committed as well to assuring that energy production and use are consistent with a clean environment. Our emission controls for automobiles have long been the most stringent in the world. New power plants have had to meet tight national standards since 1971. In an effort to do even more, the United States has undertaken a major research and development effort to reduce further the environmental impacts of coal combustion. U.S. Government and industry expect to spend more than \$5 billion in this effort during the next few years. International cooperation on environmental research and development must remain one of our top priorities.

Reducing the environmental problems associated with coal use is important for maintaining the momentum of fuel diversification, but protection of the environment must also be cost-effective and take account of energy security objectives. Our responsibility as energy ministers is to assure both domestically, and cooperatively in the IEA, that energy policy objectives are afforded due consideration in setting environmental protection goals.

Recent energy market developments pose both opportunities and challenges for all of us. The opportunity is for lower inflation, reduced oil costs, and increased growth in output and employment. While realizing these benefits, we must also meet the energy security challenge by further strengthening our emergency preparedness and making continued progress toward our long-term goals of energy efficiency, fuel diversification, and development of our secure, indigenous energy resources on an economically sound basis. Agreement on freeing up energy trade, continued expansion of nuclear power, and strengthened oil stockpiles would, in our view, be the most significant contribution we could make at this meeting.

FINAL COMMUNIQUE

1. The Governing Board of the International Energy Agency (IEA) met at Ministerial level on 11th May 1987 in Paris under the Chairmanship of the Hon. Marcel Masse, Minister of Energy, Mines and Resources of Canada.

2. Since IEA Ministers last met in July 1985, there have been considerable falls in the prices of oil, gas and coal. The market situation is unsettled and future developments are difficult to predict. While lower energy prices have broad economic benefits, they have created serious problems for certain countries, industries and regions. Increased consumption and reduced indigenous production

of energy as a result of lower prices raise concerns about long-term energy security. The Chernobyl reactor accident has underlined the safety aspects of nuclear power. These developments could intensify the tightening of energy markets expected for the 1990s.

3. The central objective of the energy policies of the IEA and its Member countries remains to maintain security of supply in both the short and long term in order to sustain economic well-being. The policies pursued by IEA Member countries since 1974 have been successful. The decisions reached at the meetings of the Governing Board at Ministerial level on 8th May 1983 and 9th July 1985, remain valid. There is a need for energy policies for the 1990s which will:

- Maintain energy security through continued development of indigenous energy resources and technologies and improvements in the efficiency of energy use;
- Secure the benefits for IEA countries as a whole, of lower energy and oil prices;
- Promote free and open trade in energy; and
- Further improve preparedness to deal with a disruption in energy supplies.

4. Such policies, implemented on a co-operative basis, will help to promote equilibrium in energy markets, reduce excessive fluctuations in prices and ensure that the energy sector continues to support substantial, non-inflationary growth and reduced unemployment, which are essential to economic and social well-being.

Indigenous Fuel Production

1. Continued investment in energy production on an internationally competitive basis, particularly in exploration and development of resources indigenous to IEA countries, is a vital component in achieving adequate supply to support energy security and economic growth.

6. Falling oil prices occasioned considerable industry-wide expenditure cuts in oil exploration, development and production in the IEA area. Ministers noted that this has had a generally depressing effect on exploration and development activities for gas and coal as well. A cautious attitude toward investment by the oil, gas and coal industries and the financial institutions supporting them remains.

7. Governments and industry are reacting to recent market developments to counter, in part, the effect of lower prices. Tax and royalty regimes in many producing countries have been substantially adjusted to new conditions, either as a result of automatic adjustments to lower prices, or following deliberate policy decisions. Ministers noted with particular satisfaction the progress made in recent agreements concerning development of indigenous gas resources of IEA countries. Coal production in a number of countries has been further rationalized. Continuing support of technical advances is expected to achieve reductions in finding costs for oil and gas in the medium and long term.

8. Ministers agreed that flexible production and investment regimes will continue to be implemented in response to current and future rather than previous market conditions. Particularly, these efforts should address regulations which restrict trade, create imbalanced royalty or fiscal regimes—including both those for oil and for competitive fuels such as coal or gas—and inhibit hydrocarbon investments. Production regimes in IEA countries should thus encourage investment in and development of indigenous supplies to assure long-term security. Further legal or regulatory steps to relax or remove inhibitions to indigenous fuel production and to competition should focus, as appropriate, upon: cumbersome and lengthy leasing and licensing procedures, limitations on development of certain areas and transport and investment requirements.

9. In addition to the contribution of fossil fuels discussed above, on a longer-term basis the development of indigenous renewable sources of energy will become increasingly important.

Efficiency in the Use of Energy

10. All IEA countries attach high importance to energy conservation through increases in the efficiency with which energy is used. Greater efficiency will limit the demand for energy and thus lessen the impact of any future tightening of the energy market. It will reduce the environmental consequences of energy production and use. In addition, increasing energy efficiency brings financial advantages to undertakings and individuals and thus stimulates economic activity; in turn, general economic growth stimulates improved energy efficiency through higher levels of investment and technological innovation.

11. Since 1974, due to high energy prices and to conservation policies, there has been a significant improvement in the efficiency with which energy is used in IEA countries. A large potential remains for further improvements on an economic basis. Ministers agreed to promote, in a way best suited to circumstances in each of their countries, coherent and forceful strategies to realize this potential in all the main sectors of consumption, including the removal of market distortions which prejudice such a valuable objective. They will, together with other government and industry leaders, each make a major effort to publicize and explain the advantages of efficient energy use and the ways in which it can be achieved. They will support the strategies by such measures as wide-ranging information and education activities, fiscal incentives and the development of innovative methods of private financing of energy conservation investments; voluntary or mandatory energy efficiency standards; the systematic and vigorous pursuit in all public sector activities of efficiency in energy use on an economic basis; and the dissemination of new, proved technologies in accordance with their conclusions on research, development and demonstration. The various organizations in both the public and private sectors concerned with

efficient use of energy, particularly the energy producing and consuming industries, should be actively involved in these activities.

Electricity

12. Electricity is basic to economic growth and a high standard of living in IEA countries. There is important potential for improving the efficiency with which electricity is used, generated and transmitted. Nevertheless, new capacity will be needed in many countries in the 1990s to meet increasing demand and to replace existing obsolete capacity. IEA governments and utilities need to take action to ensure that electricity supply remains adequate in the long term and that electricity economics continue to improve.

13. Ministers noted that substantial progress has been made in diversifying the sources of energy in electricity generation and reducing the use of oil. This has been achieved largely by increased use of coal and nuclear energy, which in 1986 accounted for 43 per cent and 21 per cent respectively of electricity production in OECD countries, and thereby strongly contributed to energy supply security. Ministers agreed that, for the future, it was essential for IEA countries to continue to reduce dependence on oil and to diversify the other sources of energy used in this sector. Where economic, multi-fuel generating plants enable consumers to take advantage of competition between fuels.

14. Ministers noted that:

(a) **Coal and other solid fuels** will continue to be major sources of primary energy for electricity in many IEA countries. Further work is in hand in the IEA on long-term trends in coal demand (both in electricity generation and other sectors), as well as in coal supply and prices. Existing technologies can substantially reduce emissions from the burning of coal without increasing cost to a point which renders it uneconomic. New technologies are being developed and demonstrated which will improve both the competitiveness and the environmental impact of using coal. It is essential that no time be lost in making these new technologies commercially available to utilities.

(b) **Gas** is used in electricity generation in some IEA countries. Substantial additional demand for gas would involve faster depletion of IEA gas reserves or require additional supplies from non-IEA countries. Such additional supplies would, in accordance with the Conclusions adopted at the meeting of the Governing Board at Ministerial level on 8th May 1983, be obtained from as diverse sources as possible.

(c) **Hydropower** can make an important contribution to additional generating capacity in some countries. The development of other renewable sources of energy can provide important new options in the longer term in relation both to electricity generation and energy supplies generally and should be actively pursued.

(d) **Nuclear energy.** After the Chernobyl accident, which was specific to a particular type of plant, those Member countries for

which nuclear energy is a relevant option have carefully assessed the safety of types of reactors used in their countries. A group of countries, which account for the bulk of electricity generation in the OECD region, consider that the standards of safety in their reactor systems and procedures are so high that the risk of major accidents is too remote to justify a change in policy. They therefore intend to continue their nuclear power generation programmes in order to secure the economic and environmental advantages which flow from them. A few countries still have their programmes under review. Other countries have decided not to produce nuclear power either because they have other non-oil resources available or because they consider the long-term environmental impacts and the residual risks of nuclear energy production, even under the highest safety standards, to be unacceptable. One country has decided to discontinue its existing nuclear programme by early in the next century.

15. A significant limitation of any of these options, in particular of coal or nuclear, for the IEA as a whole would increase demand for other energy sources and thus the costs of achieving energy security. The IEA will continue and deepen its analysis of the different options for electricity generation. However, each IEA country will have to decide on the mix of fuels used in generating stations best suited to its particular circumstances. All will, however, seek to achieve a mix which takes into account considerations of energy security, environment, safety and the possible effects of their decisions on other countries. Ministers noted that, despite differing perceptions about the appropriate balance, many and useful international consultations and information exchanges about these decisions were taking place.

16. The safety issues associated with the production of electricity are of fundamental importance, particularly in the case of nuclear energy. IEA countries have already made important progress in this area and will continue their efforts to ensure the highest standards of safety in all aspects of waste management and of the planning, design, construction, operation and dismantling of nuclear installations. They will give full political and technological support to arrangements for international co-operation on nuclear safety which exist, or are being developed, particularly within the Nuclear Energy Agency of the OECD and the International Atomic Energy Agency.

Emergency Response Measures

17. Ministers reaffirmed the high priority given to the IEA emergency preparedness system, including both international energy program oil sharing and the co-ordinated early response stipulated in the Governing Board Decision of 11th July 1984. Total stocks held in IEA countries are not equivalent to more than 160 days of 1986 net imports, which is considerably more than the minimum legal obligation of 90 days by each country. Ministers welcomed the further

progress made since they last met in July 1985. Procedures to co-ordinate, carry out and monitor stockdraw and other measures early in an oil supply disruption are being further enhanced. However, a small number of countries is still required to continue efforts to achieve their individual obligations. Ministers emphasized the necessity of complying with the legal obligation of the IEP concerning emergency oil stocks and demand restraint measures.

18. Ministers reconfirmed that the current oil market situation does not offer any room for complacency, that it presents a valuable opportunity both for strengthening IEA emergency preparedness and for narrowing the disparities between Member countries in this regard and that efforts should be continued to ensure security against a supply disruption. In addition to emphasizing the necessity of complying with the legal obligations of the international energy program concerning emergency oil stocks and demand restraint measures, Ministers welcomed action by individual countries to increase stock levels and to improve the ability to bring about stockdraw by government initiative. While the international energy program requirements already make allowance for stocks not available for use, Ministers acknowledged the benefits of having stocks held against the international energy program requirements in excess of that allowance fully available for use. They noted that additional progress in this regard would further enhance emergency preparedness. Ministers also acknowledged that further enhancement of emergency response measures, including demand restraint, increased supplies of synthetic fuels as appropriate and stock holding, will provide yet greater protection against vulnerability to oil supply disruptions.

19. IEA governments will maintain emergency response programmes, including stock levels that would be available at the instance of governments, under clear and definite authority so as to assure their ability to implement these programmes in an oil supply disruption, in accordance with national law or policy.

20. Net oil importing countries should take advantage of the present situation to actively increase their level of emergency preparedness, including stock levels. It has been noted with satisfaction that a significant improvement of emergency preparedness in the IEA region as a whole is taking place because some countries are increasing the level of government and public entity stocks. Ministers welcomed the continuation of these efforts and encouraged other Member countries to make improvements to the level of their stocks.

21. Net oil exporting countries should further contribute to the general protection of the IEA group against an oil supply disruption, by such means as surge production, stock drawdowns, demand restraint or other appropriate measures.

22. Further improvements of the overall contribution of effective demand restraint

measures and stockholdings are justified, particularly for countries whose degree of emergency preparedness is relatively low. Ministers asked the Governing Board to conclude within one year whether and, if so, what steps should be taken within this context to further improve IEA Member countries' capacity, both individually and collectively, to contribute effectively to early responses, including the level and availability of stocks and demand restraint.

23. Ministers agreed on the usefulness of periodically training personnel and testing the emergency response system. Mutual exchange of information and experience and the new round of emergency response reviews would also identify areas for further improvements in the effectiveness of national demand restraint programmes.

Barriers to Trade, Energy Prices and Taxation

24. Energy markets can only function properly if IEA countries avoid barriers to energy trade and follow sound price and taxation policies. Significant progress has been made in implementing the 1985 Ministerial Communiqué commitment to oil product trade on the basis of supply and demand without distortions. IEA countries will resist new protectionist measures relating to energy imports, such as import fees and other trade-distorting measures. They will also continue to reduce, with a view to eliminating, remaining trade barriers, including subsidies, norms or other government controls which impede trade, recognizing that other policy considerations, including social and regional ones, may make it necessary to deal gradually with some of these barriers.

Energy Research, Development and Demonstration

25. Technology continues to have a major role to play in providing alternatives for a more balanced and diversified energy mix to ensure medium- and long-term energy security. In light of recent trends in oil prices and of reductions in private and public research, development and demonstration expenditures in many countries, it is essential that those activities on which energy security depends should not be prejudiced. Ministers therefore re-emphasized their commitment to pursue the development of economically sound and environmentally acceptable energy technology options. They will also seek to improve collaboration between government and industry in research, development and demonstration of energy supply and end-use technologies, both at the national and at the international level.

26. Research, development and demonstration for the development of indigenous hydrocarbon supplies has traditionally been provided by the private sector. A number of projects may now be delayed or curtailed with implications for longer-term energy security. Governments should be aware of these developments and will examine how they can work with industry to ensure continuity.

27. Ministers agreed to pursue the development of technologies for improved energy efficiency on a national and multilateral basis including through IEA collaboration agreements. They also stressed the importance of such activities as analytical and information programmes to facilitate a wide dissemination of successfully demonstrated end-use technologies, which deserve a geographically broader market penetration.

28. Ministers agreed to seek further opportunities to advance the development of renewable energy technologies through joint activities, while recognizing at the same time that priorities in this area have to be identified by individual countries since resource availability, economics and institutional barriers are in general highly dependent on local circumstances.

29. The transportation sector, where technology has been slow to provide new economic options, is still essentially dominated by petroleum-based liquid fuels. Ministers agreed that more attention should be focused on research and development efforts to promote a higher degree of diversification in this sector.

30. Based on the above considerations, Ministers decided to extend the active pursuit of enhanced international collaboration, through joint consultations at an early stage of research and development planning, to new fields, including end-use efficiency, new renewable technologies and diversification of transportation fuels.

31. Finally, Ministers stressed the importance of continued international collaboration to optimize the use of the very considerable resources still needed for the development of nuclear fusion technology.

Energy and the Environment

32. Energy production and use should be carried out in an environmentally acceptable manner. Ministers reaffirmed their commitment to promote actively in their energy policies those lines of action which advance the objectives of both energy and environmental policy on the lines set out in the Conclusions on Energy and the Environment adopted at their meeting in July 1985. Solutions to the environmental problems associated with energy are fundamental to the maintenance of adequate, economic and secure supplies. Ministers also again emphasized that just as the formulation of energy policy should give due weight to environmental considerations, so should environmental policy give due weight to energy policy considerations. The IEA has already given much attention to following up these decisions. The decisions taken at the current meeting on efficiency in the use of energy, on electricity generation and on research, development and demonstration, including work on renewable energies and transportation, will all advance the objectives of both energy and environmental policies. It is important that a proper balance be maintained between energy and environmental policies which at the same time stimulates research, development and commercialisation of new cleaner energy transforming and using technologies.

33. The increase of the atmospheric content of carbon dioxide, due to a large extent to the burning of fossil fuels, may have potentially serious consequences on the environment and specifically on climate, agriculture and sea levels. A well co-ordinated multinational research effort is essential to assess the likelihood, extent and timing of such consequences. The IEA will follow progress and evaluate its implications on energy policy.

Relations With Non-IEA Countries

34. Developments and policy decisions in developing countries and other non-IEA countries will have an increasingly important effect upon global energy balances, and thus upon the energy future and economic well-being of all countries. Continuing constructive contacts between parties concerned to gather and exchange information about energy developments and to promote understanding can contribute to sound energy policy actions both inside and outside the IEA.

35. IEA countries will give increased attention to sound investments in exploration and development activities of developing countries with significant potential for future hydrocarbon supply. Ministers will support activities of international organisations to help improve investment regimes or to help finance investment in energy sectors of developing countries, as well as bilateral development aid projects directed toward energy.

Implementation

36. Regular monitoring of progress both by the IEA and its Member governments is essential to the successful implementation of these decisions. This work will be helped by the regular exchange of information and experience. Ministers instructed the Governing Board at official level to review and where necessary strengthen the arrangements for such monitoring and exchanges. ■

Energy Security

MESSAGE TO THE CONGRESS, MAY 6, 1987¹

Pursuant to Section 3102 of the Consolidated Omnibus Budget Reconciliation Act of 1986 (Public Law 99-509; 100 Stat. 1889), I am transmitting my views and recommendations on the energy and national security concerns related to oil import levels. These views and recommendations take into consideration the findings in "Energy Security: A Report to the President of the United States." That report was prepared under the direction of Secretary of Energy John S. Herrington at my request and in satisfaction of requirements of Public Law 99-509.

My Administration has done a great deal to build the Nation's foundation for long-term

energy security and to strengthen the domestic oil industry. Price and allocation controls on oil have been eliminated; the Strategic Petroleum Reserve (SPR) has been increased nearly fivefold to more than 500 million barrels and, with our encouragement, our allies have built up their stockpiles by about 350 million barrels; several important energy tax incentives were retained in the Tax Reform Act and full-cost accounting provisions for independent producers were preserved; and I have recently forwarded to the Congress a \$2.5 billion clean coal initiative. Because of these actions, the United States is now capable of withstanding a supply interruption comparable to the 1973 and 1979 interruptions without experiencing the same economic distress.

More remains to be done. Secretary Herrington's recent report on energy security points out three major concerns: (1) our increasing dependence on imported oil; (2) the sudden decline in oil prices in 1986, which has harmed significant segments of the U.S. petroleum industry; and, (3) the serious implications for national security raised by both of these events. The Department of Energy study concludes that by the mid-1990s we may be importing more than half our oil. Capital expenditures for oil exploration and development have dropped significantly, as has employment and U.S. oil production. Coupled with this production decline is increased consumer demand for oil, which together have resulted in a rise of one million barrels per day in oil imports. In recent months, while market prices have rebounded to some extent, the industry remains under pressure and the outlook is uncertain.

We must take steps to better protect ourselves from potential oil supply interruptions and increase our energy and national security. My goals in this area are to:

- Maintain a strong domestic oil industry;
- Increase our domestic stockpiles, which we can draw down in the event of a supply interruption;
- Expand the availability of domestic oil and gas resources;
- Continue conservation and progress toward diversification of our energy resources; and
- Promote among our allies the importance of increasing their stockpiles.

I have already proposed a number of significant steps on which the Congress has failed to act. If these policies had been in place, our domestic oil industry would not be so seriously impaired today. I again urge the Congress to act quickly in adopting my proposals to improve our energy security and strengthen the domestic oil industry, including:

- Repeal of the Windfall Profit Tax;
- Comprehensive natural gas reform, including wellhead price decontrol, mandatory contract carriage, and demand restraint repeal;
- Approval of the Department of the Interior's five-year offshore oil and gas leasing plan;

The Environmental Agenda and Foreign Policy

- Permitting environmentally sound energy exploration and development of the Arctic National Wildlife Refuge; and
- Ensuring the future viability of nuclear power through nuclear licensing reform, reauthorization of the Price-Anderson Act, and progress in development of a nuclear waste repository.

Secretary Herrington and I will continue to push hard for higher levels of oil stockpiles among our allies, particularly at the Ministerial Meeting of the International Energy Agency and the Venice Economic Summit. The Vice President is also leading the Task Force on Regulatory Relief to look at unneeded regulatory barriers to greater energy security, including evaluating regulatory changes to facilitate the use of alternative fuels for the transportation sector.

In addition, today, I am urging the Congress to consider several steps that will lead to more exploration and development, reduce early well-abandonment, and stimulate additional drilling activity. I am suggesting the Congress consider two tax changes of a relatively technical nature: increasing the net income limitation on the percentage depletion allowance from 50 percent to 100 percent per property; and repealing the transfer rule to permit use of percentage depletion for proven properties that have changed ownership.

These changes will be of significant value but avoid reopening basic issues considered in tax reform. To continue our efforts to build a stockpile protecting us against supply interruptions, I am prepared to support an SPR fill rate of 100,000 barrels per day, which will achieve by 1993 my goal of an SPR of 750 million barrels, provided that budget offsets are made available to cover the higher costs of this fill rate. I am also reducing the minimum bid requirement for Federal offshore leases from \$150 per acre to \$25 per acre, which will encourage exploration and development by reducing the up-front costs.

I believe all these measures are important steps toward ensuring that our Nation has a strong domestic oil and gas industry and substantial protection against oil supply interruptions. They would, taken together, increase production and make a significant contribution to our national security interests.

I am also instructing the Secretary of Energy to provide, through the Domestic and Economic Policy Councils, periodic assessments of our energy security risks. It may be necessary to consider a variety of options for encouraging exploration and production if our U.S. industry continues to be diminished and national security risks increase. I will consider further actions as warranted.

RONALD REAGAN

¹Text from Weekly Compilation of Presidential Documents of May 11, 1987. ■

Following are addresses by John D. Negroponte, Assistant Secretary for Oceans and International Environmental and Scientific Affairs, and by Richard E. Benedick, Deputy Assistant Secretary for Environment, Health and Natural Resources, before the State Department Symposium on the Environmental Agenda and Foreign Policy on April 16, 1987.

ASSISTANT SECRETARY NEGROPONTE

It is a pleasure for me to welcome you all here for this symposium on the environmental agenda and foreign policy. I would like to thank [Director of the Office of Public Programs] Sam Fry for his introduction. His suggestion that this gathering take place and the widespread interest demonstrated by your participation tells me that environmental issues have truly come of age at the Department of State and deserve to be recognized as an integral element of American foreign policy.

It has been especially gratifying, in the nearly 2 years that I have served as Assistant Secretary, that the Secretary of State has consistently expressed interest in the critical issues with which we are involved and has encouraged me to pursue agreements on an international level which serve to maintain this nation as a leader in the field of environmental protection. The personal interest of Secretary Shultz was evident earlier this year when he and the Mexican Secretary of External Affairs held a ceremony in this building to implement annexes on hazardous waste and air pollution as part of the U.S.-Mexico Border Environment Agreement.

Responsibilities of OES

Many of you work with us regularly on issues of mutual concern. To those of you from environmental organizations, the business community, and Capitol Hill especially, we look forward to hearing your views this morning. For others of you, this gathering may be your first contact with OES, the Bureau of Oceans and International Environmental and Scientific Affairs. Therefore, I would like to sketch for a moment the global range of issues we cover.

OES is comprised of four divisions plus the Office of the Coordinator of Population Affairs and an Executive Directorate.

- My deputy, Richard Benedick, is responsible for Environment, Health, and Natural Resources—the areas our panels will cover today.

- Oceans and Fisheries Affairs is another responsibility of OES, one which is frequently involved in conservation and resource management issues. This division supports U.S. participation in the Antarctic Treaty, the International Whaling Commission, the North Atlantic Salmon Conservation Organization, and the International Maritime Organization, to name a few examples. It also works on an entire range of issues related to the law of the sea, including, of course, protection of the marine environment.

- Our division of Nuclear Energy and Energy Technology Affairs deals with issues of nonproliferation, nuclear safeguards, and nuclear energy cooperation. It was very much involved in the Department of State's response to the accident at Chernobyl and also participated in the International Atomic Energy Agency deliberations which led to the adoption last fall of agreements on notification and emergency assistance in case of nuclear accidents. We continue to be interested in the accidents.

- Oversight and coordination of international scientific cooperation is the principal function of our division of Science and Technology Affairs. There are dozens of government-to-government science cooperation agreements between this country and others, reinforced by literally hundreds of direct agency-to-agency cooperative arrangements. These relationships are valuable not only for the science which they promote but also for the good will they can create and the access they can develop to important segments of other societies. Science and technology agreements have proven to be particularly beneficial with such diverse nations as China, India, Yugoslavia, and Israel. At this very moment, an effort is underway to bolster our science relations with Brazil; and I am pleased to report that, at OES's suggestion, the U.S. side plans to propose environmental science as one of the areas of concentration.

Another important function of the science division is to provide support to the 42 full-time science officers at embassies abroad whose job it is, among other things, to serve as our eyes and ears on science-related developments in other countries.

- The Coordinator of Population Affairs provides foreign policy guidance

in the formulation and implementation of U.S. policy on population. Clearly, there is a relationship between demographic pressure and environment which is evident in such issues as the destruction of tropical forests to accommodate population growth or the pollution and health problems caused by urban overcrowding.

Turning now to environmental issues, I note from the morning's program that you will be receiving quite complete exposure to the Bureau's environmental agenda. But let me make a few introductory observations.

U.S. Environmental Role and Priorities

First of all, how do we define our role and shape our priorities? I am sure it comes as no surprise to you that we have no greater claim to control over events than any other agency. So even with the best of motives and intentions, much of what we do is driven by external circumstances. The Chernobyl reactor accident was a case in point. Likewise, we have only limited influence over how and when our most immediate neighbors will raise or, for that matter, create environmental issues with which we must deal.

Having said that, I think it is useful to distinguish in our work between environmental issues driven by bilateral or regional considerations, on the one hand, and global environmental questions, on the other. Sometimes the distinctions become difficult to make, and, on other occasions, the local and global issues can become intertwined. But I am sure you will agree that the environmental impact of Tijuana's sewage, as destructive to the local environment as it may be, is a qualitatively different issue from the destruction of the planet's stratospheric ozone layer—unless, of course, you happen to live in San Diego. However, an environmental policy official disregards localized problems at his own peril. And, indeed, issues of water and air quality have been on our bilateral agenda with Mexico and Canada going back many decades.

Bilateral and Regional Concerns. So I would suggest to you that the first and, in many respects, the most politically sensitive set of international environmental concerns this country has is with its immediate neighbors to the north and south. I won't elaborate extensively on them at this point. Perhaps we can go into some during the question period. But a partial listing would serve to illustrate my point.

- First, there is the issue of acid rain with Canada. In January 1986, two specially appointed envoys—one Canadian and one American—issued a report

detailing recommendations designed to foster a long-term solution to this serious environmental and political problem. President Reagan fully endorsed the envoys' recommendations shortly thereafter and reaffirmed this commitment at his most recent summit meeting with Prime Minister Mulroney in Ottawa. The President also agreed to consider Canadian proposals for an acid rain accord.

- Turning south of the border, the U.S.-Mexico Border Environment Agreement of 1983 has successfully addressed serious problems of transboundary environmental quality between our two countries, such as air pollution from copper smelters and transboundary shipment of hazardous waste. It has been cited by both sides as a model for cooperation between us, which can be extended to other worrisome border issues such as re-use of waste water for irrigation.

- Finally, in a completely different area of concern, the United States and Canada recently completed a successful negotiation on principles for the management of the porcupine caribou herds whose migratory range extends across both of our territories.

I could cite numerous other endeavors, but the thought I wish to leave with you today is the commonsensical notion that these transboundary environmental questions are ones we cannot afford to neglect. What is more, our success in coping with the more immediate, and frequently more politically urgent, environmental matters affects our credibility when dealing with global issues.

Global Issues and Cooperation. On the global scene, I would like particularly to cite the fine work of the UN Environment Program (UNEP) in these types of issues. An outstanding example is the regional seas program. Most recently we participated in concluding a convention on the South Pacific environment. Again, the political and environmental sides of things meshed nicely because our signing of the South Pacific Regional Environmental Convention turned out to be a bright spot in our relations with the Pacific island states.

Another major UNEP initiative is the ongoing international negotiation on protection of the ozone layer. This is a high-priority issue. In my opinion, an opportunity is in our grasp to achieve significant protection for future generations at relatively low cost to ourselves today. On the related but broader matter of global warming, we know that extensive monitoring is needed to develop a scientific consensus on the extent and impact of the problem, and we,

therefore, strongly support UNEP's Global Environmental Monitoring System.

Another global environmental concern is represented by the Convention on International Trade in Endangered Species (CITES) and the well-received U.S. initiative to develop a strategy to protect and conserve the rapidly disappearing population of rhinos in Asia and Africa. Finally, I should mention this Bureau's involvement in efforts to influence the multilateral development banks to protect tropical forests and preserve biological diversity.

There is clearly much that remains to be done in the field of international environmental protection. The raising of environmental consciousness throughout the world is a complex political, economic, and cultural challenge. Instilling environmental values in economically deprived societies is a task whose enormity, I suspect, people from as fortunate circumstances as ourselves can only begin to appreciate. And yet, increased environmental understanding in Third World countries will be essential in addressing some of the most critical concerns of our day, such as global climate, biological diversity, and tropical forests.

Effects of Budget Cuts

Unfortunately, in the face of these challenges, the funds available to the State Department, including those for international environmental efforts, have been reduced in the ongoing budget stringency. Secretary Shultz has testified eloquently before numerous congressional committees about the damage to our international influence if we are forced to continue cutting programs to meet unrealistic budget targets. Support for environmental programs makes up only a fraction of the foreign affairs budget, which itself is only a very small portion of the Federal budget. I want to lend my support to the Secretary's message and make the point to this audience that our ability to contribute to international environmental programs is directly related to the State Department's ability to secure adequate funding.

The Role of Nongovernmental Organizations and Congress

I am very gratified that so many of you here today represent nongovernmental environmental organizations. Because just as you have supported us in our environmental agenda of the past several years, so, too, do I believe you can even further promote linkages and networks with like-minded private

organizations throughout the world, especially in countries which lack that particular type of private sector experience.

Let me suggest that one especially ripe target for expanded nongovernmental organization activity is right in our own hemisphere. With the dramatic opening toward democracy in Latin America and the corresponding acceptance of a more pluralistic way of doing things, the opportunities for effective action by private organizations have been substantially increased. Let me urge that you do what you can to take advantage of these new opportunities.

Despite what I believe to be significant progress in international environmental protection over the past 2 years, we must not become complacent merely because we can negotiate sound international agreements. These agreements must be ratified both by the U.S. Senate and by a sufficient number of other countries for them to enter into force internationally. I am pleased to note that the Senate acted quickly on the Vienna Convention on Protection of the Ozone Layer and on the Ramsar Convention on Conservation of Wetlands. However, Congress does not always act so expeditiously. Take the example of liability and compensation for the damaging oil spills from tankers that occur each year, resulting in millions of dollars in economic losses to commercial fishermen and beachfront property owners, as well as environmental damage and expensive cleanup costs to Federal, state, and local governments.

If a spill on the order of the *Amoco Cadiz*—which marine insurers estimate will eventually be settled in the range of \$180-\$360 million—were to occur in the United States, neither existing state nor Federal statutes would be adequate to cover the cleanup costs and to fully compensate legitimate claimants. For this reason, in 1984 the United States took the lead in negotiating two protocols to the 1969 Civil Liability and the 1971 Fund [The International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage] Conventions. These agreements would provide up to \$254 million for victims who suffer pollution damage from oil tanker accidents. President Reagan transmitted these protocols to the Senate in November 1985 with a request for expeditious advice and consent. The 99th Congress failed to act, and the Administration must continue to press for advice and consent in the current congressional session. Your support for such congressional action is essential if we are to follow through on the types of important international initiatives we are discussing here today.

Conclusion

So, in conclusion, let me stress that—as the few examples I have cited here so clearly illustrate—effective international action on the environmental front is, indeed, a complex process involving coordinated action between the public and private sectors both here and abroad. Its success requires energy and commitment at every level—from the grassroots to the capitals of the world. The organizations you represent are a dynamic part of this process. We look forward to continuing to work with you in pursuit of our common environmental goals.

DEPUTY ASSISTANT SECRETARY BENEDICK

Now that you've been exposed to a whole morning of discussion of international environmental issues, there seems little left for me to add. In pondering how I might close this useful interchange, the thought occurred to me that I might talk a bit about the process by which we develop and implement a U.S. position on the international stage. I use the theatrical metaphor advisedly because the process involves many actors, occasionally has too many directors, and has its moments of high drama (and sometimes farce). I know that it is not always clear to you—the audience—how this process works, so I will try today to draw the curtains apart.

Policy and Process in Environmental Issues

The State Department is, as you may know, the smallest U.S. Government department, as measured by budgetary size. Also, in terms of personnel, it is literally dwarfed by most agencies in this town. We do not have tens of millions of dollars to fund research or assistance programs. Especially during the recent hard times, it is often difficult for us even to find travel funds to send someone to an international conference. We also do not have, as some of our sister agencies do, an array of world-class scientists operating at the frontiers of knowledge.

What we do offer is experience with the world outside our borders, an understanding of the nuances of negotiating in a foreign or multilateral context, and a sense of the relationships between domestic concerns and foreign policy.

As Ambassador Negroponte pointed out earlier today, international environmental issues may involve either bilateral relationships (i.e., with one other country) or global subjects, generally discussed in a multilateral framework. But bilateral issues for our Bureau go beyond our immediate neighbors to the north and south. Last winter, for example, we worked together with the U.S. Fish and Wildlife Service on a ban on wildlife imports from Singapore, which resulted in that country joining the Convention on International Trade in Endangered Species and prohibiting trade in rhinoceros and its byproducts.

Turning to multilateral relations, the Organization for Economic Cooperation and Development (OECD) is essentially our forum for discussions among the Western industrialized nations on environmental issues, ranging from safety in biotechnology to prevention and management of chemical accidents. The UN Environment Program is the primary North-South forum, dealing with such global issues as protection of the ozone layer and trade in toxic chemicals. The UN's Economic Commission for Europe (ECE) is the place for East-West discussions of such issues as transboundary air pollution from sulfur dioxide or, currently in process, nitrogen oxides. And we also work, among others with the UN Food and Agriculture Organization on pesticides and on tropical forests, with the World Health Organization on efforts to control the AIDS epidemic, and with the World Meteorological Organization on global climate change.

Often there is a merging of the bilateral and multilateral contexts. Our differences with Canada over acid rain influenced the U.S. position on an ECE treaty on sulfur dioxide. An agreement with the Soviet Union for cooperative research on climate change and on stratospheric ozone has clear implications for ongoing discussions in multilateral fora.

Many of the issues we deal with arise from, or are influenced by, grassroots concerns. Private environmental organizations, for example, aroused congressional interest in multilateral development bank lending policies, which in turn galvanized the Treasury and State Departments and the Agency for International Development to undertake a worldwide campaign to heighten environmental awareness in these banks. Citizens' groups in California played an important role in our negotiations with Mexico over

Tijuana sewage. Similarly, in Alaska, state and native American groups influenced the U.S. position with Canada on conservation of the porcupine caribou herd. Our successful negotiation of a South Pacific environmental convention had to take account of the independent voices of three U.S. Pacific trust territories and three flag territories. And private industry and industrial associations find an open door at the State Department, as they strive to reconcile environmental responsibility with balance sheets and employment.

In short, the domestic constituencies are important actors in our drama—indeed, they are sometimes actually on stage, or at least in the wings, as observers and counselors, for example, in current international negotiations on the ozone layer and on hazardous chemicals.

Developing a U.S. Policy Position

Once an environmental issue comes onto our agenda, the first task for us is to develop a State Department position. This may involve consultations with the regional bureaus for political guidance, with the legal counselor on questions of international law and precedence, and with bureaus specializing in economic and business affairs or international organizations. For scientific policy advice, we will look to the OES Bureau's own distinguished Science Advisory Committee and to the research expertise of such agencies as the National Aeronautic and Space Administration (NASA), the National Oceanic and Atmospheric Administration (NOAA), the Food and Drug Administration (FDA), or the Environmental Protection Agency (EPA). And we may involve the Secretary of State or the Deputy Secretary on issues of high prominence, such as acid rain, ozone, or the Mexican border agreement. Often, we will use our U.S. embassies abroad to seek views of other governments as we develop our thoughts on an issue.

Then comes the challenging task of orchestrating a government-wide position. This may involve liaison with just one agency—e.g., the Department of Interior's Fish and Wildlife Service on the porcupine caribou issue—or it may involve 12–18 different agencies, as in the case of ozone or the question of ocean disposal of radioactive wastes under the London Dumping Convention.

To illustrate the extent of the required interagency coordination, let me just quickly list some of the U.S. agencies we deal with on a regular basis, with only a partial sampling of issues connected with that particular agency:

- EPA—Mexican and Canadian issues, ozone, regional seas;
- Treasury—multilateral bank lending policies;
- Interior—rhinos and other endangered species;
- NASA—ozone;
- NOAA—climate change;
- Navy Department—ocean disposal of radioactive wastes;
- Department of Commerce—hazardous chemicals;
- National Science Foundation—biotechnology;
- FDA—pharmaceuticals;
- National Institutes of Health—AIDS;
- Department of Agriculture—tropical forests;
- U.S. Trade Representative—trade aspects of international regulations;
- Agency for International Development—biological diversity;
- Department of Energy—acid rain; and
- Various White House offices, including OMB [Office of Management and Budget], the President's Science Adviser, the Council of Economic Advisers, the Domestic Policy Council, the National Security Council, and so on.

The U.S. Government position on an issue is usually forged through inter-agency meetings, personal consultations, and drafting groups. Differences among agencies' viewpoints must be resolved at higher political levels, sometimes involving the Cabinet and, occasionally, even the President—as was the case in the recent evolution of our acid rain policy.

Building Domestic and International Support

The result is a formal position, which must now be sold, at home and abroad. Now a different kind of negotiating strategy comes into play. We often return to the environmental groups, to the industrial associations, and to Congress. We testify; we hold workshops; we give press interviews to explain and justify a position.

Turning the focus overseas, we again rely on our embassies, utilizing their contacts with governments to transmit our cabled instructions and to seek foreign allies for our point of view. Often, we will call in foreign representatives from

their embassies here in Washington, individually or—as in the case of biotechnology and ozone—for group meetings to discuss the U.S. position. We may also send special teams to foreign capitals for bilateral consultations at ministerial or subcabinet level, such as the mission I led in February—comprising also representatives of EPA and NASA—to Brussels, Paris, and London on the ozone issue. We may also try to use the media, through press conferences and interviews, to amplify our persuasive voice. In a recent variation of this theme, NASA senior scientist Bob Watson and I utilized the United States Information Agency's "Worldnet" interactive video interview technology to reach audiences all over Europe on the ozone issue—a process which we will be repeating next week for Japan and later on for Latin America.

And, as this process unfolds, the U.S. negotiators—your negotiators—venture forth to try and achieve a reasonable international agreement, one that balances our responsibility to safeguard human health and ecology with the political and economic realities which affect both domestic and foreign policy. We hope that we succeed; we know that we must, in any case, answer for our efforts.

Conclusion

In all of this, our motto might well be the words of Francis Bacon, written over 300 years ago: "Nature, to be commanded, must be obeyed."

I hope that this little survey may enable you to better understand those of us enmeshed in the drama of international environmental protection—perhaps to share somewhat the rare moments of exhilaration when we can see the culmination of work well planned and well done, as well as those moments of frustration when we go home to a cold supper after yet another inconclusive late-night interagency meeting.

In conclusion, I hope that this symposium has been as useful to you as it has been for me and my staff. On behalf of OES and our panelists, let me thank you for your interest and attention and your participation this morning. We will continue to welcome your ideas and counsel. ■

Visit of French Prime Minister



White House photo by Pete Souza

Prime Minister Jacques Chirac of the French Republic made an official working visit to the United States March 29-April 1, 1987, to meet with President Reagan and other government officials.

Following our arrival remarks made by President Reagan and Prime Minister Chirac on March 31.¹

President Reagan

Nancy and I offer you our warmest welcome to the United States, to Washington, and to the White House. And we greet you, Mr. Prime Minister, not only as the head of government of the French Republic, our nation's oldest ally in war and peace, but as a representative of the people of France, for whom the people of the United States have long had a special affection.

We only have to look around us this morning if we could, to look beyond the White House lawn to the graceful monuments of George Washington and Thomas Jefferson, to be reminded [of] the historic struggles for freedom and liberty which have bound our nations together for generations. Indeed, the park directly across the street from the north entrance of the White House bears the name of a brave Frenchman who, as a young man, became a trusted aid and almost a son to George Washington, Lafayette.

As you know this year we Americans are celebrating the 200th anniversary of our Constitution. In doing so, we're rededicating ourselves to the aspirations of all men to live in freedom and peace, aspirations captured in that ageless document. It was written by Americans, of course; but today it is only right to point out that they were Americans—James Madison, Alexander Hamilton, and others—who had been influenced by the great names of the French Enlightenment, like Montesquieu, for one, and by the hopes for liberty and human rights so ardently expressed by the French people themselves.

Some months ago our two great nations celebrated the 100th anniversary of the Statue of Liberty, a gift from the people of France to the people of the United States. Lady Liberty, now beautifully refurbished, her torch rekindled, has rightly become cherished throughout the world as a symbol of human freedom. But even Lady Liberty, as magnificent as she is, would be nothing but an empty symbol had not the American and the French peoples, time and again, joined together in moments of peril, joined together in common sacrifice to preserve and defend freedom itself.

Three years ago I stood on the windy beaches of Normandy and, as Frenchmen and Americans, recalled together the most perilous days of the Second World War. And this spring Americans

will join in celebrating the 70th anniversary of the arrival in France of the American expeditionary force of World War I. Indeed, from Yorktown to Belleau Wood, from Normandy to Beirut, Frenchmen and Americans have stood together and, yes, died together in the name of peace and freedom.

Today we continue to face grave challenges together as we seek to ensure a safer world and a more prosperous future, one in which our peoples and those of other nations can live in still greater prosperity and freedom. We both understand that to achieve that end our friendship must remain deep, our alliance strong and bold. And we both believe that today it is the forces of freedom that are on the march.

You have a very busy day ahead of you, Mr. Prime Minister, one that I do not intend to delay. Nancy and I hope during your all too brief visit to talk of our common goals, but also to deepen the personal friendship with you and Madame Chirac and with your colleagues. Once again, we offer you and Madame Chirac our warmest welcome. And on behalf of all Americans, *soyez les bienvenus aux Etats-Unis* [welcome to the United States].

Prime Minister Chirac²

Let me tell you how really delighted my wife and I are to be here with you today among our American friends and our French friends. And let me first thank you, Mr. President, for having invited me to come on an official visit to the United States, where I stayed and worked, some 30 years ago, alas, when I was a young student just discovering this New World. And finally, let me convey to the American people the feelings of friendship, brotherhood, and admiration and affection that the French people have for them and also, Mr. President, the affection that the French people have toward you yourself and Mrs. Reagan. Feelings of brotherhood, yes, because our two countries have always been side by side in crucial moments of their history.

Three years ago, as you mentioned, you came to France to commemorate D-Day in Normandy and to honor the resting places of so many young Americans who gave their lives to free France and Europe. And last year you celebrated, as you recall, the 100th anniversary of the Statue of Liberty, a gift of the French people, and especially a symbol of the American dream and of American reality. This year, almost 70 years to the day after the United States

went to war alongside France and its Allies of World War I, I have come to tell you this: France has not forgotten. When I go and pay tribute during my brief stay in Washington to the memory of General Pershing—a great man, a great soldier, and a great American—I shall be paying tribute to all of the American boys who fell on France's soil to defend my country against all kinds of hegemonies in 1917 and again in 1944. And now that I am here in the United States, there is something I want to tell you with all my heart, and that is this: thank you, America. France has not forgotten. France remembers.

But I have not come solely to convey his message of remembrance. I have come to tell you that we continue to uphold the same ideals of freedom, to be driven by the same will, to face the dangers that confront us all together: errorism, war, hunger, poverty, new diseases, drugs, and yet other dangers.

NATO Nuclear Planning Group Meets in Norway

The Nuclear Planning Group of the North Atlantic Treaty Organization (NATO) met in Stavanger, Norway, May 14-15, 1987. The United States was represented by Secretary of Defense Caspar W. Weinberger. Following is the final communique issued on May 15.

The NATO Nuclear Planning Group (NPG) met in ministerial session at the invitation of the Norwegian Government in Stavanger, Norway, on 14th and 15th May 1987. We discussed a wide variety of security matters, including the status of NATO's nuclear forces, current arms control negotiations, the status of implementation of the December 1979 dual-track and 1983 Montebello decisions, the work of several study groups, and future NPG work programs.

Deterrence of any aggression continues to be the central objective of the Alliance. To that end, in this the year of the 20th anniversary of the adoption of the strategy of flexible response, we noted that this strategy has stood the test of time and remains an essential and sound basis for the future security of all Alliance members. While improving NATO's conventional forces, we will maintain and improve the nuclear forces necessary to carry out that strategy. In that context, we noted with concern the existing imbalances between Alliance and Warsaw Pact nuclear, conventional, and chemical forces as well as the unabated expansion of Warsaw Pact military capabilities across the board.

Efforts to secure equitable and effectively verifiable reductions in military forces, both conventional and nuclear, are an integral ele-

In the face of so many trials, so many threats, we are resolved, as you are yourselves, to go on fighting and affirm the importance of our ideals. We are side by side in all these great struggles.

Today, as we set forth on a technological adventure to conquer new fields of intelligence—biology and space—we must work together in an ever-growing spirit of trust, cooperation, and true market competition. We have to work together to face the challenge of the future. With these feelings and in this spirit, I am entering into these 2 days of talks that will enable us, I am sure, to find together with American leaders, common guidelines for future action on the scale of the ambitions we share.

¹Text from Weekly Compilation of Presidential Documents of Apr. 6, 1987.

²Prime Minister Chirac spoke in French, and his remarks were translated by an interpreter. ■

ment of our security policy in seeking to achieve a more stable and secure environment at lower levels of armaments. It is in our security interests that agreements ensure detailed, specific arrangements providing for effective verification; we reject generalized undertakings on verification as an acceptable basis for sound agreements.

During our continuing consultations on INF [intermediate-range nuclear forces] arms control, we welcomed the improved prospects for a longer-range INF (LRINF) agreement between the United States and the Soviet Union encompassing significant reductions in nuclear forces. We reaffirmed that appropriate global constraints on shorter-range missile systems are indispensable. We stressed the requirement to eliminate all United States and Soviet LRINF missiles and called upon the Soviet Union to drop its demand to retain a portion of its SS-20 force. A global zero outcome, a long-standing NATO objective, would further reduce the Soviet threat, and greatly facilitate verification.

We accepted with pleasure the invitation of the U.S. Government to hold our next Nuclear Planning Group ministerial meeting in the United States in the autumn of 1987.

Greece expressed its views in a statement included in the minutes. ■

31st Report on Cyprus

MESSAGE TO THE CONGRESS,
APR. 21, 1987¹

In accordance with Public Law 95-384, I am submitting to you a bimonthly report on progress toward a negotiated settlement of the Cyprus question.

During this period U.S. Secretary General Perez de Cuellar continued his efforts to restore momentum to the search for a peaceful Cyprus settlement. On his instructions, U.N. Under Secretary General Goulding visited Cyprus February 4-7 to discuss with the Greek and Turkish Cypriot sides procedural ideas that could help move the negotiating process forward. Mr. Goulding proposed the holding of separate, exploratory talks in Nicosia between U.N. officials and representatives of the two sides. These discussions would be informal and non-binding and were intended to help the Secretary General carry forward his good offices mission.

In mid-March, the two Cypriot sides reviewed the Secretary General's proposals with the Secretary General's Acting Special Representative on Cyprus. The Greek Cypriot side said its general position on the proposal was positive, although this did not imply any change in its view on the necessity for priority discussion of the issues of importance to it, or in its support for the convening of an international conference. The Turkish Cypriot side expressed its concern that the proposed procedure could undercut the Secretary General's March 1986 draft framework agreement, which the Turkish Cypriot side had accepted and the Greek Cypriot side had not. As of this date, U.N. Secretariat officials are continuing their contacts with the two sides on the proposal advanced by Mr. Goulding.

In both public statements and private discussions during this period, Administration officials have stressed our continuing support for the U.N. Secretary General's Cyprus mission. We have also been urging those directly involved with the Cyprus issue to seek every opportunity to improve the atmosphere on the island so as to enhance the prospects for progress toward a negotiated settlement.

Sincerely,

RONALD REAGAN

¹Identical letters addressed to Jim Wright, Speaker of the House of Representatives, and Claiborne Pell, chairman of the Senate Foreign Relations Committee (text from Weekly Compilation of Presidential Documents of Apr. 27, 1987). ■

U.S.S. *Stark* Hit by Iraqi Missiles

**SECRETARY'S STATEMENT,
MAY 17, 1987¹**

At approximately 2:10 p.m., Washington time, the U.S. Navy frigate, the U.S.S. *Stark*, was hit by two missiles fired from an Iraqi F-1 Mirage aircraft. At the time of the attack, the *Stark* was located about 70 miles northeast of Bahrain. The ship, at last report, was dead in the water, and the entire crew was being taken off. There have been serious casualties.

The United States regards this attack with grave seriousness. The President was informed at once, of course, and is following the situation closely. I've been in touch with Secretary [of Defense] Weinberger, White House Chief of Staff Baker, and national security adviser Carlucci.

We have called in the Iraqi Ambassador here in Washington and issued the strongest protest and demanded a full accounting. Our Ambassador in Baghdad has been instructed to deliver our protest there, and we are in continuous contact with our Embassies in Baghdad and Bahrain.

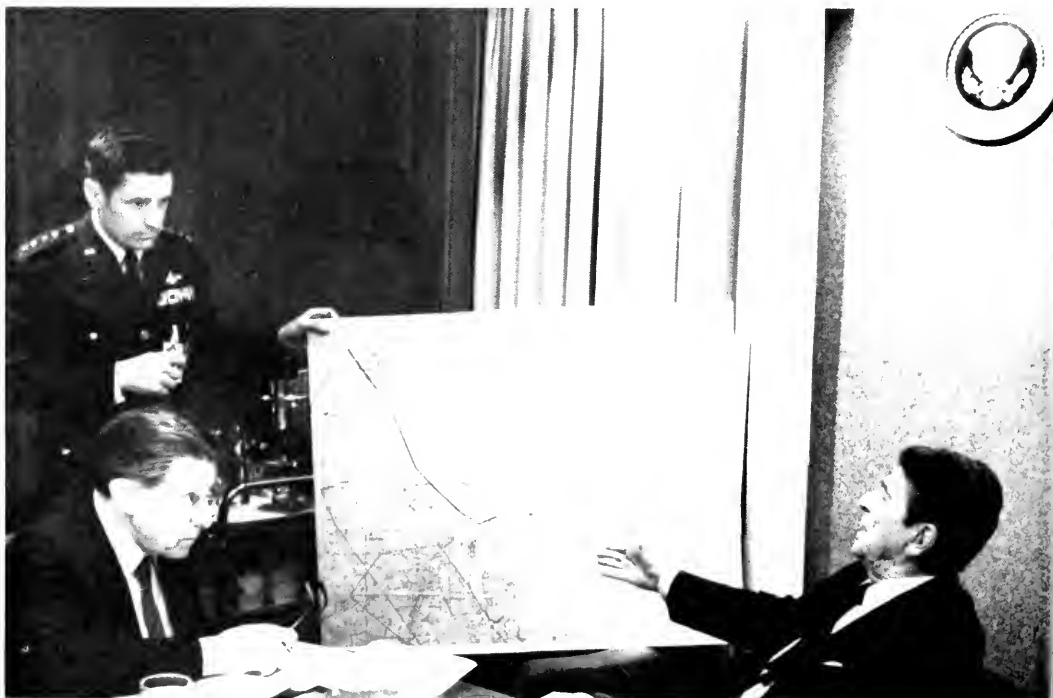
This event underscores once more the seriousness of the Iran-Iraq war, not only to the countries directly involved but to others. It shows how easily it escalates, and it underlines once more the seriousness of the tensions that exist in the Middle East and the importance of trying to do something about them.

But I want to assure you that we take this event with the utmost seriousness. We know the source of this missile that hit our ship, and we demand

a full accounting, and as we have more information, of course, we will be meeting on it and seeing what further action may be necessary.

**PRESIDENT'S STATEMENT,
MAY 18, 1987²**

I know and I share the sense of concern and anger that Americans feel over the yesterday's tragedy in the Persian Gulf. We have protested this attack in the strongest terms and are investigating the circumstances of the incident. When our investigation of the facts is completed, I will report to the American people about this matter and any further steps that are warranted. For that reason, I have convened a meeting of the



President Reagan asks a question during a Situation Room briefing by Gen. Robert T. Herres, Vice Chairman of the Joint Chiefs of Staff, on the condition of the missile frigate U.S.S. *Stark*. Defense Secretary Weinberger looks on.

(White House photo by Pete Souza)

national security planning group to review the entire situation in the Persian Gulf.

In the meanwhile, I want to express my deepest sympathies to the families of the brave men killed and injured yesterday aboard the U.S.S. *Stark*. Their loss and suffering will not be in vain. The mission of the men of the U.S.S. *Stark*—safeguarding the interests of the United States and the free world in the gulf—remains crucial to our national security and to the security of our friends throughout the world.

The hazards to our men and women in uniform in the defense of freedom can never be understated. The officers and crew of the U.S.S. *Stark* deserve our highest admiration and appreciation. And I would also like to express my sincere gratitude to Saudi Arabia and Bahrain for their prompt assistance in responding to the stricken U.S.S. *Stark*.

This tragic incident underscores the need to bring the Iran-Iraq war to the promptest possible end. We and the rest of the international community must redouble our diplomatic efforts to hasten the settlement that will preserve the sovereignty and territorial integrity for both Iran and Iraq. At the same time, we remain deeply committed to supporting the self-defense of our friends in the gulf and to ensuring the free flow of oil through the Strait of Hormuz.

WHITE HOUSE STATEMENT, MAY 18, 1987²

President Reagan met with the national security planning group in the Situation Room from 2:30 until 3:45 this afternoon to discuss the status of the attack on the U.S.S. *Stark* in the Persian Gulf. The President has ordered a higher state of alert for U.S. vessels in the area. The belligerents in the war, Iran and Iraq, will be formally notified today of this change in status. Under this status, aircraft of either country flying in a pattern which indicates hostile intent will be fired upon, unless they provide adequate notification of their intentions.

The Administration will consult with Congress on these changes and related issues.

We have issued a vigorous protest to the Government of Iraq. We have noted the profound regrets issued by the Iraqi Ambassador in the name of his Foreign Minister and Iraqi President Saddam Hussein. However, we are awaiting official notification of this statement. We expect an apology and compensation for the men who died in this tragic incident. We also seek compensation for the ship.

The President shares the sense of concern and anger that Americans feel at this time. We will monitor the situation on a continuing basis.

ASSISTANT SECRETARY MURPHY'S STATEMENT, MAY 19, 1987¹

I appreciate the opportunity to meet with you today to discuss the Administration's policy toward the continuing war between Iran and Iraq and toward problems related to international shipping in the gulf.

Our meeting takes place against the background of the attack by Iraqi aircraft on the U.S.S. *Stark* Sunday, with tragic loss of life. We extend our deepest condolences to the families of those brave American sailors who died or were injured in the attack. We greatly appreciate the assistance provided by Saudi Arabia and Bahrain in the rescue and evacuation operation.

Yesterday morning, the President expressed his concern and anger over Sunday's tragedy in the Persian Gulf and noted that we had protested the unprovoked attack in the strongest terms to the Government of Iraq. Yesterday afternoon, the President of Iraq apologized for the unintended attack and made clear Iraq had no hostile intentions whatsoever toward the United States. He expressed his deepest regrets and profound condolences. We have agreed to an immediate joint investigation of the incident to avoid any future mistakes.

This tragic accident brings home starkly the increasing danger of the Iran-Iraq war and the urgency of bringing the conflict to an end. The United States is actively engaged in seeking this goal.

This Administration, like its predecessors, regards the gulf as an area of major interest to the United States and is committed to maintaining the free flow of oil through the Strait of Hormuz. Consistent with our national heritage, it attaches great importance to the principle of freedom of navigation. The Administration is also firmly committed as a matter of national policy to support the individual and collective self-defense of the Arab gulf states. These longstanding U.S. undertakings flow from the strategic, economic, and political importance of the region to us.

U.S. Policies Toward the Gulf War

Over the past 3 months, the President has reaffirmed the direction of our long-term policy. Given the increasing dangers in the war, with its accompanying violence in the gulf, we have taken a series of specific decisions designed to ensure our strategic position in the gulf and reassert the fundamental U.S. stabilizing role. Frankly, in the light of the Iran-*contra* revelations, we had found that the leaders of the gulf states were questioning the coherence and seriousness of U.S. policy in the gulf along with our reliability and staying power. We wanted to be sure the countries with which we have friendly relations—Iraq and GCC [Gulf Cooperation Council] states—as well as the Soviet Union and Iran understood the firmness of our commitments. On January 23 and again on February 25, President Reagan issued statements reiterating our commitment to the flow of oil through the strait and U.S. support for the self-defense effort of the gulf states. He also endorsed Operation Staunch, our effort to reduce the flow of weapons from others to Iran.

While neutral toward the Iran-Iraq war, the U.S. Government views the continuation of this conflict, as well as its potential expansion, as a direct threat to our interests. We are working intensively for the earliest possible end to the conflict, with the territorial integrity and independence of both sides intact. As the President asserted in his February 25 statement on the war, we believe that "the time to act on this dangerous and destructive war is now." He urged an intensified international effort to seek an end to the war, and we have taken a lead in UN Security Council (UNSC) consultations to achieve this aim. As we announced May 7, the United States is "ready in principle to support the application of appropriate enforcement measures against either party which refuses to cooperate with formal UNSC efforts to end the war."

While there remains much work to be done in New York, I believe that an international consensus is growing that this war has gone on too long—the suffering of the Iraqi and Iranian peoples has been too great—and the threat to international interests is so direct that more active measures are required. As you know, Iraq has long shown its willingness to end the fighting; Iran remains recalcitrant.

Operation Staunch has been pursued in recent months with new vigor. I believe its effectiveness has not been seriously impaired, as many expected, by the Iran revelations.

Shipping Problems in the Persian Gulf

In addition to the inherent tragedy and suffering in Iraq and Iran, as the fighting drags on, with mounting casualties and drains on the economies of these two nations, so grows the threat of the war spilling over to nearby friendly states in the gulf. The fresh threats to international shipping are one example of such spillover effect.

In the past 18 months, attacks on neutral shipping passing through the Strait of Hormuz have increased in intensity. A total of nearly 100 vessels were hit by Iran and Iraq in 1986; in the first 3 months of this year, some 30 ships were attacked, including a Soviet merchant ship. Since the first of May, Iran has attacked 5 ships of nonbelligerent countries, virtually all in commerce with Kuwait. Attacks now occur at night as well as day, by sea as well as air, by small boats armed with light weapons as well as by helicopters launched from Iranian warships. While Iran has yet to sink a ship, most of those attacked have suffered damage, some seriously, and innocent lives have been lost.

The May 17 attack on the U.S.S. *Stark* was the first attack on a U.S. warship in the war. This tragic accident gives emphasis to our caution to both belligerents that the war in the gulf could lead to mistakes and miscalculations; it must be ended.

We have increased the state of alert of U.S. Navy ships in the gulf and warned belligerent states (i.e., Iran and Iraq) that our ships will fire if one of their aircraft should approach in a manner indicating possible hostile intent—as did the Iraqi F-1 which attacked the U.S.S. *Stark*.

The recent Chinese delivery to and testing by Iran of Chinese Silkworm antiship missiles at the Strait of Hormuz present a potentially serious threat to U.S. and other shipping. With their 85-kilometer range and 1,100-pound warhead, these missiles can span the strait at its narrowest point and represent, for the first time, a realistic Iranian capability to sink large oil tankers. Whatever Iran's motivation for procuring such threatening missiles, their presence gives Iran the ability both

to intimidate the gulf states and gulf shippers and to cause a real or *de facto* closure of the strait. The Chinese decision to sell such weaponry to Iran is most unwelcome and disturbing. We have made clear to both Iran and China the seriousness with which we consider the Silkworm threat. Other concerned governments have done the same. It is our hope that a sustained international diplomatic campaign will convince Iran not to use the Silkworms.

For the past year, Iran has been using a combination of military action, attacks on gulf shipping, and terrorism, as well as shrewd diplomacy, to intimidate the gulf states not involved in the war. It has tried to impress upon gulf states the hopelessness of their looking to the United States for help and to divide the gulf states one from the other.

Since last summer, Kuwait has been a particular target of Iranian threats. While not a belligerent, Kuwait's size and location make it highly vulnerable to intimidation. The Iranian regime has inspired terrorist and sabotage incidents within Kuwait, fired missiles on Kuwaiti territory on the eve of the January Islamic summit, and attacked over 24 vessels serving Kuwaiti ports since last September. The most recent example of the active intimidation efforts was the explosion at the TWA office in Kuwait city, May 11, which killed one employee. Over the last 3 years, Iranian-influenced groups have attempted a series of bombings and attacks, including on the ruler of Kuwait himself, in an attempt to liberate terrorists being held in Kuwait who were convicted of bombing the U.S. and French Embassies.

Several months ago, Kuwait and other GCC states expressed to us their concern about the continuing attacks by Iran on tankers. Kuwait asked for our assistance, fearing potential damage to its economic lifeline. Consistent with longstanding U.S. commitment to the flow of oil through the gulf and the importance we attach to the freedom of navigation in international waters, as well as our determination to assist our friends in the gulf, the President decided that the United States would help in the protection of Kuwaiti tankers. In the context of these developments, Kuwait asked to register a number of ships in its tanker fleet under U.S. flag. We informed Kuwait that if the vessels in question met ownership and other technical requirements under U.S. laws and regulations, they could be registered under the U.S. flag. This is in accordance with our established position on qualifications for U.S. flag registration

of commercial vessels in general. We also informed the Kuwaitis that by virtue of the fact that these vessels would fly the American flag, they would receive the U.S. Navy protection given any U.S. flag vessel transiting the gulf. The U.S. Navy has always had the mission to provide appropriate protection for U.S. commercial shipping worldwide within the limits of available resources and consistent with international law.

Kuwait welcomed our response, and we have together proceeded with the registry process. The Coast Guard has begun inspection of the vessels in order to determine their conformity with U.S. safety and other technical standards.

We view the reflagging of Kuwaiti tankers in the United States as an unusual measure to meet an extraordinary situation. It would not, however, set a precedent for the normal conduct of commercial shipping or affect the broad interests of the U.S. maritime industry. U.S. flagging procedures minimally require that only the captain of each vessel be a U.S. citizen. Because these vessels will not be calling at U.S. ports, there is no requirement that they carry U.S. seamen or other U.S. crewmembers. These new U.S. flag vessels will be sailing in areas where other U.S. flag vessels have generally not frequented since the war began.

To date, Iran has been careful to avoid confrontations with U.S. flag vessels when U.S. Navy vessels have been in the vicinity. U.S. Military Sealift Command and other commercial U.S. flag vessels have transited the gulf each month under U.S. Navy escort without incident. We believe that our naval presence will continue to have this deterrent effect. Iran lacks the sophisticated aircraft and weaponry used by Iraq in the mistaken attack on the U.S.S. *Stark*. Moreover, we will make sure in advance that Iran knows which ships have been reflagged and are under U.S. protection.

Our response to Kuwait demonstrates our resolve to protect our interests and those of our friends in the region, and it has been warmly welcomed by those governments with which we have had traditionally close ties. Our goal is to deter, not provoke; we believe this is understood by the parties in the region—including Iran. We will pursue our program steadily and with determination.

In providing this protection, our actions will be fully consistent with the applicable rules of international law, which clearly recognize the right of a neutral state to escort and protect ships

flying its flag which are not carrying contraband. In this case, this includes the fact that U.S. ships will not be carrying oil from Iraq. Neither party to the conflict will have any basis for taking hostile action against U.S. naval ships or the vessels they will protect.

Our judgment is that, in light of all the surrounding circumstances, the protection accorded by U.S. naval vessels to these U.S. flag tankers transiting international waters or straits does not constitute introduction of our armed forces into a situation where "imminent involvement in hostilities is clearly indicated." The War Powers Resolution, accordingly, is not implicated by our actions. On the contrary, our actions are such as to make it clear that any prospect of hostilities is neither imminent or clearly indicated. I repeat that our intention is to deter, not provoke, further military action. We will, however, keep the situation under careful review—particularly in light of the May 17 attack on the U.S.S. *Stark*—and keep Congress closely informed.

Kuwait has also discussed with other maritime powers commercial charter arrangements in the interest of deterring further Iranian attacks on its vessels. We understand that Kuwait broached this issue with all permanent members of the UN Security Council and has entered into an agreement with the Soviet Union to charter three long-haul, Soviet flag vessels to transport some of its oil out of the gulf.

A constant of U.S. policy for decades has been U.S. determination to prevent enhanced Soviet influence and presence in the gulf. We do not want the Soviet Union to obtain a strategic position from which it could threaten vital free-world interests in the region. We believe our arrangement with Kuwait will limit Soviet advances in the region; they would have welcomed the opportunity to replace us and used this position to try to expand further their role in the gulf. We understand that their commercial charter arrangement for long-haul charters out of the gulf does not necessitate an increase in the Soviet naval presence or establishment of facilities in the gulf. This we would not welcome and have made our position clear.

I want to be frank to acknowledge, however, that the disturbing trend in the war—its spread in geographic terms and its increasing impact on third parties like Kuwait—creates the circumstances in which the Soviets may find more

U.S. Food Aid Program for Lebanon

DEPARTMENT STATEMENT.
APR. 28, 1987¹

The U.S. Agency for International Development (AID) recently approved an emergency \$8.4 million grant food assistance program to Lebanon.

Through this program, the United States will provide the Lebanese people with 15,683 metric tons of basic food commodities (rice, lentils, instant corn, soy milk, and vegetable oil) valued at \$5.5 million. This food will be distributed to approximately 100,000 needy displaced and war-affected families in all parts of Lebanon, regardless of confessional affiliation. Nutritionally vulnerable groups such as children and the elderly are target beneficiaries. Under this grant, food rations will be distributed to families registered by Save the Children Federation during a period of 6 months. The food com-

modities are scheduled to arrive in Lebanon in July 1987. A \$1.9 million grant will cover ocean freight costs of the program.

In consultation with the Government of the Republic of Lebanon, this program will be implemented through Save the Children Federation and, under its supervision, will also involve distribution through other local private voluntary organizations. AID is making a separate grant of \$1 million for costs of distribution of food and other relief aid.

We hope this special food program, which augments other relief and rehabilitation assistance from the American people, will help alleviate hardships of those Lebanese most economically deprived due to prevailing economic and security conditions.

¹Read to news correspondents by Department spokesman Charles Redman. ■



Officials gather for the announcement approving an AID emergency grant food assistance program to Lebanon. Left to right are Gerald Kamens, Director of the Office of the Middle East, Europe, and North Africa, AID; Sulayman Rassi, Counselor of the Embassy of Lebanon; Neal Keny, Save the Children foundation; Ambassador Abdallah Bouhabib of Lebanon; and Richard W. Murphy, Assistant Secretary for Near Eastern and South Asian Affairs. (Department of State photo)

opportunities to insert themselves. The U.S.S.R. plays a fundamentally different role in the gulf and is viewed by Iran as directly threatening to Tehran. Aside from the long northern border, Soviets occupy Afghanistan to Iran's east and are Iraq's primary source of arms. The unescorted Soviet ship recently attacked had, in the past, carried arms to Iraq. The Soviets sent warships into the gulf for the first time last fall after Iran boarded and searched a Soviet arms-carrying vessel. Iran should ponder this development as it maintains its intransigent war policy. We certainly believe the Soviet actions in the gulf and their attempts to enhance their presence there further emphasize the need to bring this war to an end.

Conclusion

In conclusion, the Administration is following a clear and consistent set of policies in support of our national interests in the gulf. Our policies are carefully conceived—and they focus on steps needed to end the war. They are calm and steady in purpose, not provocative in intent; they should help deter Iranian miscalculations and actions that would require a strong response. By supporting the defensive efforts of the moderate gulf states, including the sale of appropriate defensive arms, we help to enable them to defend the interests we share in the gulf and to reduce the prospects for closer ties with the Soviet Union as well as any inclination to accommodate Iranian hegemony.

We want the Congress to be fully aware of what we are doing. That is why we provided, in March and April, a number of briefings on our gulf policy and what we intend to do to help Kuwait, including briefings to the House Foreign Affairs Committee and Senate Foreign Relations Committee. That is why the President has, on several occasions, issued public statements explaining our policy. We have a coherent and effective policy in the gulf region. We seek your support and that of the U.S. public for our efforts. We believe it is important for the United States to work more actively to end the Iran-Iraq war, to defend the principle of the free flow of oil and meet our long-standing commitment to assist the gulf Arab states in their self-defense, and to continue to work to constrain Soviet designs. We will advise Congress on the evolution of our discussions with Kuwait and the continuing security situation.

DEPARTMENT STATEMENT, MAY 20, 1987⁴

Just prior to the Iraqi Mirage F-1 attack on U.S.S. *Stark* on Sunday, two Royal Air Force F-15s were scrambled from their base at Dhahran and ordered by Saudi authorities to fly a combat air patrol (CAP) mission over the Saudi coastline. This is a routine action based on prior agreement to defend our AWACS [airborne warning and control system] and Saudi facilities.

Once it was clear that the *Stark* had been attacked, the U.S. Air Force AWACS and the Saudi controller aboard the E-3A asked the Saudi sector command center at Dhahran for authority to commit the Saudi F-15s to intercept the Iraqi F-1 with the intention of forcing it down in Saudi territory. The Saudi chief controller on the ground advised that he did not have the authority to authorize such action and immediately sought approval from higher authority. Before such approval could be obtained, the Iraqi aircraft was well on its way back to its base. In addition, the Saudi F-15s were low on fuel and had to return to base.

It should be noted there is no pre-arranged plan for the Royal Saudi Air Force to come to the aid of U.S. vessels in the gulf. There was no official U.S. Government request for the Saudi Air Force to intercept the Iraqi aircraft.

Throughout the incident, the Saudi personnel aboard the AWACS and the F-15 crews were eager to run the intercept; the initiative originated with them and the U.S. personnel aboard the AWACS. However desirable an intercept of the attacking aircraft might have been, the incident does illustrate the discipline of the Saudi Air Force's command and control system.

Finally, it should also be noted that Saudi officials immediately launched helicopters to assist in the search-and-rescue effort and dispatched a Saudi naval vessel to close on *Stark* to lend assistance. The Saudi military hospital at Dhahran also was placed on disaster alert to assist with casualties if needed.

SECRETARY'S LETTERS TO THE CONGRESS, MAY 20, 1987⁵

For nearly forty years, the United States has maintained a limited naval presence in the Persian Gulf for the purpose of providing for the safety of U.S. flag vessels in the area and for other reasons essential to our national security. This has been done pursuant to the

authority of the President under the Constitution as Commander-in-Chief, and the duty to provide protection for U.S. forces and U.S. vessels that are engaging in peaceful activities on the high seas. Congress has been fully and repeatedly advised of our policy.

Our naval presence in the Gulf has been fully within our rights under international law, and we have respected all the relevant international rules of conduct. We have remained neutral in the Iran-Iraq war, and our vessels have taken no action that could provide any basis for hostile action against them by either country. Until this past Sunday, no U.S. warship or other U.S. flag vessel in the Gulf had been the object of any attack from any source.

Shortly after 2 pm (EDT) on May 17, an Iraqi Air Force F-1 Mirage launched an Exocet missile, which struck the USS *Stark*, causing heavy damage. Within the hour, the USS *Stark* was stopped and listing, but damage control parties were able to stabilize its condition, and the vessel has now returned to port. At this time, a total of 37 members of the crew are reported dead or missing, and two more are seriously injured.

The United States immediately contacted the Iraqi Government through diplomatic channels, to protest in the strongest terms and demand an explanation of the incident and appropriate compensation. President Saddam Hussein sent a letter expressing deepest regret over this tragic accident and his condolences and sympathy to the families of the victims, explaining that Iraqi forces had in no way intended to attack U.S. vessels but rather had been authorized only to attack Iranian targets. A joint U.S.-Iraq review has been agreed upon to determine more precisely the circumstances surrounding the Iraq attack, and to ensure that there is no recurrence.

Our naval forces in the area have been instructed to assume a higher state of alert readiness in carrying out the standing Rules of Engagement. Ship commanders continue to have the authority to take such steps as may be necessary to protect their vessels from attack. However, we have no reason at this time to believe that Iraqi forces have deliberately targeted U.S. vessels, and no reason to believe that further hostile action will occur.

Our forces are not in a situation of actual hostilities, nor does their continued presence in the area place them in a situation in which imminent involvement in hostilities is indicated, although we are mindful of recent Iranian statements threatening U.S. and other ships under protection. In accordance with his desire to keep the Congress fully informed, the President nonetheless has asked that I provide this account to the Congress of what has transpired, and has directed that the relevant Committees and leadership of Congress be fully briefed on these events.

Quite apart from the Iraqi attack on the USS *Stark*, Iran continues publicly and privately to threaten shipping in the Gulf. It is this basic Iranian threat to the free flow of oil and to the principle of freedom of navigation which is unacceptable. The frequent and

accelerating Iranian attacks on shipping have spread the war geographically to the lower Gulf and have heightened the risk to all littoral states. The Stark incident provides no reason for altering the policy which we have adopted in the Gulf area of being prepared to defend U.S. vessels and U.S. interests when necessary. We intend to proceed with plans to provide protection for ships flying the U.S. flag in the Gulf, including certain Kuwaiti tankers which have applied for U.S. registry. It is not our intention to provoke military action, but to deter it. Sunday's incident, although regrettable and tragic for our courageous seamen aboard the USS Stark, does not suggest that either of the countries involved in the war have decided to attack U.S. vessels in the Gulf.

At the same time that we are taking these steps, we want to assure you that the Administration is actively pressing for comprehensive and effective international action, including at the United Nations, to bring this bloody, wasteful and dangerous war to an end. We will of course keep the Congress fully informed of any further developments in these matters.

Sincerely yours,

GEORGE P. SHULTZ

¹Opening statement to an address delivered before the American Israel Public Affairs Committee (see page 7).

²Text from Weekly Compilation of Presidential Documents of May 25, 1987.

³Assistant Secretary Richard W. Murphy made this statement before the Subcommittee on Europe and the Middle East of the House Foreign Affairs Committee. 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.

⁴Read to news correspondents by Department spokesman Charles Redman.

⁵Text of identical letters addressed to George Bush, President of the Senate, and Jim Wright, Speaker of the House of Representatives. ■

Meeting With Arab League Delegation



Left to right: Ambassador Mohamed Kamal (Jordan), Ministry of Foreign Affairs Under Secretary Wassam Zahawi (Iraq), Deputy Prime Minister and Foreign Minister Abd al-Karim al-Iryani (Yemen Arab Republic), Secretary Shultz, Ambassador Ghazi al-Gosaibi (Bahrain), Ambassador Prince Bandar bin Sultan (Saudi Arabia), and Clovis Maksoud (Arab League representative to the United States). (Department of State photo by Ann Thomas)

SECRETARY'S REMARKS, MAY 7, 1987¹

As you can see, there is a very distinguished delegation here. And I am very pleased to have a chance to welcome them and to talk with them about our concerns about the Iran-Iraq war and our efforts to do everything we can to bring peace to the region.

We are concerned, of course, first of all about the vast human suffering that is taking place because of this war. People are killed, maimed, wounded—young people; it's a tragedy, and our hearts go out to all the people involved. This is a matter of primary concern for us. Along with many others, we have called again and again for Iran to join Iraq in negotiations designed to bring peace to the region.

Unfortunately, so far Iran has not seen fit to join such negotiations.

Therefore, we must continue our effort—which has been going on for many years—to do everything we can to deny arms to Iran, since it is these arms that they use to pursue the war. Our effort to do this is an intense one, and it will continue while we also press, in every way we can, the international community to try to exert joint efforts to bring about negotiations. We will not relent in these efforts.

As the President said earlier this year, "The time to act on this dangerous and destructive war is now." So I want to commend greatly the members of this delegation and their governments for their efforts, as illustrated by their visit here to the United States and to other countries in an effort to call attention to the urgent need to bring an end to this war and the importance of a concerted international effort to do so.

¹Press release 101. ■

The Persian Gulf: Stakes and Risks

by *Richard W. Murphy*

Statement before the Senate Foreign Relations Committee on May 29, 1987. Ambassador Murphy is Assistant Secretary for Near Eastern and South Asian Affairs.¹

The U.S. Policy Interest in Brief

The Administration welcomes this opportunity to appear before your committee as part of our ongoing consultations with the Congress on developments in the gulf. The United States today has three overriding objectives in the Persian Gulf: to galvanize the international community to press for a just end to the Iran-Iraq war, to motivate the Iranian leadership to agree to cease their aggressive posture and rejoin the ranks of peaceful nations, and to prevent a strategic gain by the Soviet Union in the region. None of these tasks is easy, but both the stakes and the risks to major U.S. and free world interests are extremely important, making it equally important to pursue these tasks. Over the coming weeks we will be working intensively with both our allies and our friends in the gulf to obtain support for this critical effort. At the same time we will be completing our plans for the protection of U.S. flag vessels in the gulf and for keeping the Strait of Hormuz open to the free flow of oil. No action will be taken to implement this protective regime until the President is satisfied that we will be able to do it properly and until the Congress has been fully consulted.

The Context

Until the fall of 1986, the Iran-Iraq war was remarkably contained. It was destructive, bloody, and wasteful, but the inherent dangers of the war's spillover to third countries in the Persian Gulf were largely unrealized. Since 1983, there had been a tanker war, to be sure, but despite the many vessels hit, crews killed and injured, and commerce disrupted, the international community and the shipping industry had lived with the problems. Insurance rates went up; crews got high-risk compensation; overland trade routes were expanded; but there seemed no imminent threat to the basic flow of trade into and out of the gulf.

In retrospect, a series of decisions taken by Iran during 1986 has changed that false impression. The Iranians negotiated for and began to receive Chinese-origin Silk worm land-to-ship missiles; the first was test fired, from its site within the narrow Strait of Hormuz, in February 1987. It is important to remember that Iraq has no direct access to shipping; its oil is exported via pipelines through Turkey and Saudi Arabia. The Iranian Navy stopped, searched, and took a Soviet arms carrier to Bandar Abbas port in August. Though that ship was eventually released, by September the Soviet Navy had responded by introducing a frigate on prolonged patrol into the gulf for the first time.

There are now seven Soviet ships present in the gulf—and just outside it in the Gulf of Oman. Also, during the fall, Iranian direct pressures and intimidation efforts against Kuwait increased substantially. These efforts have continued—with special emphasis just before the Islamic summit in January in Kuwait and again recently.

The Iranian Dilemma

While we cannot be sure of Iranian motivation for these steps, they seem to have been based on false assumptions. The Iranians may have calculated that both the international community and nonbelligerent third parties in the gulf would accommodate to these moves to expand Iranian influence and clout as it sought to put pressure on supporters of Iraq.

Iran's war effort has not gone well since its success in seizing the southern-most tip of Iraq at al-Faw in February 1986. It has made almost no headway since; even its limited advance near Basra in January-February 1987 cost it tens of thousands in lives and enormous materiel losses, yet yielded little. Further, Iran's senselessness was highlighted during the July-November 1986 period when Iraqi jets daily hammered at Iran's critical economic infrastructure. As a result, crude exports plummeted to well below 1 million barrels per day; Iran had to import substantial, and costly, amounts of petroleum products during the fall. National income was radically reduced—perhaps to an all-time low of \$6.5 billion vice \$15 billion in

1985. Foreign exchange reserves were largely depleted. Domestic unemployment was high—despite having almost 1 million men mobilized and under arms and having suffered enormous casualties during the war.

Thus, despite Iran's apparent ability to sustain enthusiasm for the war effort among its population, by any objective standard the Iranians have not made significant advances on the ground in the past 15 months. And the ground was is where Iran has its strength. It is virtually a nonplayer in the air war. This leaves only the shipping war—and intimidation against Arab governments who support Iraq.

This may explain the Iranian decision to spend \$700 million on the Silk worm missile system, for possible use in blocking the Strait of Hormuz, in a year of extraordinary belt-tightening. It may also explain the sustained intimidation of Kuwait—most recently the fires this last weekend at the Kuwaiti oil refineries.

But the Iranian calculations have been incorrect: the outside world has taken steps to protect its interests. We have; the British and the French have. For their part, the Soviets have moved both to protect their shipping and explore new opportunities to advance their interests. The Kuwaitis, smarting under Iranian threats and intimidation, have turned to outside powers for demonstrations of support. Iranians have reacted to these developments with fresh threats. They are clearly unhappy with the trends—no success on the battlefield, a growing outside naval presence in the gulf, growing international diplomatic pressure to end the war, and, most importantly, no signs of weakening of Iraqi defenses.

U.S. Interests: A Consensus

As Secretary Shultz noted to this committee in his testimony of January 27, "American interests in the Persian Gulf have long been readily defined."

- We have a vital economic stake in seeing that the region's supply of oil to the free world continues unimpeded.
- We have a strategic interest in denying the Soviet Union either direct control or increased influence over the region or any of its states.
- We have major political interests in the nonbelligerent gulf states, both in their own right and because of their influence within the gulf and beyond.

Let me elaborate briefly on the subject of Persian Gulf oil. The United

States and, particularly, its allies are substantially dependent on oil imports today, much of which comes from the gulf. This dependency will sharply expand in the future. In 1986, 46% of the oil imports of OECD [Organization for Economic Cooperation and Development] Europe was from the gulf; the comparable figure for Japan was 60%. Whereas only 15% of our total imports of 5.2 million barrels per day originated in the gulf in 1986, that level will rise significantly in the years ahead as our overall imports rise and supplies from other sources decline. Most of the world's oil resources and excess capacity are located in this area.

We are working closely with our allies and friends in the International Energy Agency to reduce the vulnerability of our economies to oil supply disruptions. And we are being successful. But we must not forget that only small supply disruptions—or threatened disruptions—can have major adverse price impacts because of short-term psychological factors. The supply disruptions of 1973-74 and 1978-80 were less than 5%, but they led to a quadrupling of oil prices in the first instance and more than a doubling in the second. Even a much smaller price hike caused by a real perceived supply threat could levy a substantial cost on our economy.

Thus, I think those who argue that there, not the United States, have the problem or should be concerned about the gulf situation miss the point. Our economic well-being is involved, particularly since our economy is the most intensive of the major industrialized nations. That others may suffer more is of a persuasive argument for us to do as much as our interests require.

Iran is an important element of our considerations as we pursue these multiple interests. That country has been, and will remain, a major factor in the region, both because of its size and strength and because of its strategic location alongside the Soviet Union and Soviet-occupied Afghanistan. Iranian policy has a direct impact on our strategic, political, and economic stakes in the gulf. And the current Iranian Government directly affects us in another way: through terrorism, which it continues to support and export as an instrument of state policy.

Our various interests in the region give the United States an obvious stake in better relations with Iran. The President has said that the United States recognizes the Iranian revolution as "a fact of history." We look to an eventual improvement in U.S.-Iranian relations,

but our interests are directly threatened by the Iranian Government's pursuit of its belligerent and terrorist policies. Changes in Iran's pursuit of its war with Iraq, its sponsorship of terrorism, and its collusion with terrorist forces elsewhere in the region will be a necessity before our bilateral relations can begin to improve.

The tragic and unanticipated Iraqi attack on the U.S.S. *Stark* on May 17 has refocused national attention on the question of our interests and the policies we have structured for pursuing them. What is noteworthy about the current reassessment and debate, in the public media and in Congress, as well as within the Administration, is that U.S. interests in the region and in helping to end the war are not challenged. The debate is focused on how we go about protecting and promoting those interests. It is useful to recognize this fact, and it is an important message this hearing will send to this critical region: our internal debates do not reflect any discord over our goals, which enjoy wide bipartisan support.

Ending the War

The United States is actively pursuing diplomatic efforts to get the war ended. Aside from the bloodshed and waste of this conflict—now in its seventh year—it is the continuation of the war which creates circumstances in which:

- Soviet influence and presence continue to grow;
- Threats to nonbelligerent third parties, like Kuwait, increase; and
- Threats to U.S. interests mount.

As the President noted in his two key statements on the war in January and February, it is time now for the international community to become more active to end this conflict. We have repeatedly called for an immediate cease-fire, withdrawal to borders, and comprehensive negotiations. We are taking an active role on this issue at the UN Security Council, and the war will be a subject of discussion at the upcoming Venice summit.

The Soviets

While the Soviets have said that they favor an early end to war, they are a principal supplier of arms to Iraq, and their friends in Eastern Europe and North Korea are suppliers of armaments to Iran. They have been able to manipulate the natural anxieties of the nonbelligerent states of the region to

their benefit and are pressing actively for increased diplomatic, commercial, and military relations. It is important to remember that the Persian Gulf has long been a strategic object of intense Soviet interest, but the Soviets have been largely excluded from playing a significant regional role because of the views of most of the littoral governments.

The Soviets have steadily pursued a campaign of disinformation, contending that the United States works to further enflame the war in order to better establish our military presence in the gulf. This is irresponsible and outrageous propaganda. But if the Soviets have convinced themselves that it is true, I have a straight-forward challenge for them: join us and the international community in concrete steps to end this war now.

What would those steps be?

Focus on Iran

Iranian willingness to consider and discuss an end to the war is the missing link in all diplomatic strategies addressing the problem. Thus, by virtue of its own intransigence and stubborn commitment to the war, Iran invites international opprobrium and action.

One key method we have revived is our Operation Staunch—our effort to inhibit military resupply to Iran from its friends and allies. It has been successful in many ways—it complicates, delays, and makes more expensive Iranian arms procurement. With the exception of China, Iran has not been able to gain access to a steady supply of high-technology military equipment from any major producer, although there is a supply of conventional weaponry to Iran from North Korea and East European state-run arms industries as well as a wide variety of Western sources.

The Soviets could do much more to close down and/or complicate these supply channels. So could some of our friends and allies. With concerted international efforts, Iran's logistic ability to pursue the war could be further constricted. It is internationalizing this effort that is the new element in our Security Council initiative.

Though Iran may seem impervious to outside pressures, its war effort is highly import dependent. Iran's domestic arms industry is unable to produce what Iran needs to prosecute this war. Thus, should Iran continue to prove unwilling to engage in negotiations, in our view, it is rightly subject to an internationally mandated arms embargo.

Iraq

Iraq for years has been willing to negotiate an end to the war. It has accepted virtually all reasonable international efforts to pursue negotiations and mediation of the war, including the key UN Security Council resolutions. We do not see it in our interest to have either belligerent gain a victory in this war, and we support the territorial integrity and independence of both countries. However, because of our interest in seeing the Iranian revolution contained within Iran, the United States has an important stake in Iraq's continuing ability to sustain its defenses.

Our bilateral relations with Iraq have expanded substantially since diplomatic relations were reestablished in 1984. It is because of our ability to communicate clearly and frankly with each other that a dangerous tragedy, like that of the attack on the U.S.S. *Stark*, has been kept in context and managed so as to preserve our larger relationship with Iraq. Iraqi willingness to promptly accept responsibility for the unprovoked attack, its agreement, in principle, to provide compensation, and its suggestion that a joint U.S.-Iraqi team investigate the attack all reflect a forward movement in a relationship which was severely strained in November when information about our previous approach to Iran became public.

Without compromising the content of that investigation, I might add that the U.S. team received good cooperation while in Baghdad. We both are committed to ensuring that such a mistake not recur.

Kuwait

Kuwait is the nonbelligerent gulf state which is receiving the brunt of Iran's public and private pressures. Kuwait's location, its proximity now to Iranian troops occupying al-Faw in southern Iraq, and its small size have made it a target of opportunity for the Iranians. Iranian efforts to sway Kuwait from its policy of support for Iraq run the full gamut of pressures: assassination attempts, sabotage of economic infrastructure, training of subversives, attacks on shipping, as well as public and private threats and ultimatums. Iran presumably calculates that Kuwait is the weakest link on the Arab side of the gulf. If Iran is successful in coercing a change in Kuwaiti policies, it will no doubt target other gulf states.

The Shipping Problem

Thus there is a very large stake involved in the Iranian effort to intimidate Kuwait—as is now most evident in the shipping attacks. Iran's attacks on nonbelligerent shipping and emplacement of the Silkworm missiles at the narrow Strait of Hormuz violate principles of freedom of navigation and threaten the free flow of oil through the Strait of Hormuz. Because Kuwait has turned to both the Soviet Union and the United States for help and support in the face of these attacks, the Iranian actions have also created circumstances in which both superpowers were asked by the besieged Kuwaitis for protection.

We have longstanding commitments to the security and stability of friendly regional states, including Kuwait. In addition, Iranian attacks threaten to cause the further spread of the war; Kuwait happens to be the first target after Iraq. Additionally, we know that the Soviets were more than willing to take the opportunity created by the Iranians to thrust their own presence into a previously unwelcoming gulf. Thus, in the view of the Administration, it is consonant with our policy to agree to engage in discussions with the Kuwaitis on some measures of protection. Those have been ongoing for the past few months and are nearing fruition.

Heightened Risks

There is no doubt that the developments of the past 9 months in the Persian Gulf have heightened the risks of a spread of the war to third parties. Miscalculations on the part of Iran—and Iran's inability to make headway on the ground war—have created circumstances in which the previous limitations on the conflict—geographic, political, and strategic—are eroding. Despite these immediate matters of concern, there is a bright side to this change—Iran's growing frustration at Iraq's ability to sustain its defenses. But that is a positive development only in the longer term, and we have an immediate need to deter Iran from making cheap gains through intimidation and blockage of shipping in the gulf.

U.S. Purposes

The United States first deployed a naval presence in the Persian Gulf in 1949. Over the decades this presence has demonstrated the continuity of U.S. interests in this resource-critical region. And, while we are determined to maintain our presence in the Persian Gulf—

and to assist our friends when they need it and ask for appropriate assistance—our posture is defensive of legitimate interests in access to the region. We have no interest in provoking any power. Our immediate goals are deterrence of attacks on shipping and bringing an end to the war.

We will not carry our desire to be unprovocative, however, to the extreme sought by Iran. The Iranians have been clear that their strategic goal is to keep us, as well as the Soviets, out of the gulf.

The Need for Allied Support

It is critical to Western interests that the complex and dangerous situation evolving in the Persian Gulf be resolved in ways which promote the long-term stability of that region. This requires, among other things, the containment of the Iranian revolution within Iran and the blocking of further Soviet strategic access to the area. The only way to accomplish these basic goals is to bring about an end to the Iran-Iraq war. As it continues—especially in its trends of the past year—it creates an environment where peaceful, moderate regimes are increasingly at risk, where Iranians who want to export their revolutionary mode by any means gain ascendancy in Tehran, and where nervous and anxious moderate regimes invite Soviet involvement, especially when they are uncertain about our involvement and staying power. The result is an explosive and dangerous mix of colliding national interests, growing insecurity, tactical miscalculations, and cynical strategic manipulation.

Since the interests of the entire Western world are involved in the gulf, the United States would welcome—indeed, expects—renewed expressions of public support and assistance from our allies in Western Europe and Japan. These allied efforts can take many and varied forms—diplomatic initiatives designed to bring about an end to the belligerency, agreements to further monitor and restrict the flow of arms to Iran as the recalcitrant party, and cooperation of naval units present in a near the gulf.

The Gulf Cooperation Council States

We may well need further support from the GCC states. While the specifics of such requirements remain under study, we will actively and forthrightly seek such facilitation of our efforts, which have to be joint if they are to be successful. We are willing to assume our global responsibilities and do the job, but we must be sure we have the necessary means to accomplish our objectives—and this includes appropriate and active support from allied and friendly governments whose interests are as heavily involved, if not more so, than ours in this strategic region.

Consultations With Congress

As the Secretary stated in his letters to Congress following the attack on the *Tark*, the President has directed that the relevant committees and leadership of Congress be fully briefed. As we go forward with the efforts I have outlined, we intend to keep the Congress fully informed and will take no action to implement the protective regime without awaiting until the President is satisfied that we will be able to do it properly, in consultation with Congress.

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

Nonproliferation and the Peaceful Uses of Nuclear Energy

by John D. Negroponte

Address before the Orange County World Affairs Council in Santa Ana, California, on May 20, 1987. Ambassador Negroponte is Assistant Secretary for Oceans and International Environmental and Scientific Affairs.

Just a few weeks ago the world marked the first anniversary of the nuclear disaster at Chernobyl. Those of us with a professional interest in civil nuclear power have devoted a good deal of our time during the past year to assessing the implications of the Chernobyl accident for the future of civil nuclear energy. I am, in fact, a firm advocate of the peaceful uses of nuclear energy. I believe that reliance on nuclear power in a prudent mix of energy resources is essential if we are to have a secure energy future.

But it is not my purpose this evening to plead the case for peaceful nuclear energy. I would like, rather, to discuss the conditions and controls under which civil nuclear power must operate if it is to retain the public's confidence. In view of my position as head of the State Department bureau responsible for most aspects of peaceful nuclear energy affairs, I will, of course, be addressing these conditions and controls in their international dimension.

There are, it seems to me, two broad areas that need to be looked at.

- One pertains to the operational safety of nuclear facilities. This consideration is generally uppermost in the minds of the public. The very notion of nuclear power has traditionally stirred a vague sense of unease in the minds of many people, perhaps as a legacy of the earliest use of atomic power for military purposes and the vivid and indelible impression such use has left in our imaginations. Dramatic accidents at civil nuclear installations, like those at Chernobyl and Three Mile Island, have also, no doubt, played a part in provoking a certain skepticism regarding the claims of the peaceful atom.

- The other area of concern has to do with preventing the spread of nuclear explosives to additional countries. This is the realm of nuclear nonproliferation. The very inelegance of the term perhaps has something to do with its relatively

weaker hold on the public imagination, as compared to questions of nuclear safety. To some extent it has been overshadowed by the issue of nuclear weapons reductions or nuclear disarmament by the superpowers. And perhaps, too, the very success of our nonproliferation efforts over the years has tended to relegate those efforts—which quite literally produce “non-events”—to the back pages of the newspapers.

It is often forgotten that in the early 1960s, commentators were warning of a world with 15 or 20 nuclear-weapon states by 1975. In the early 1970s, commentators were predicting as many as 25 nuclear-weapon states by the mid-1980s. But consider what has actually happened. In the past 20 years, only one new country has tested a nuclear device, and that country—India—has gone an additional 13 years without testing another.

Nevertheless, proliferation remains a very real possibility in a number of countries. The spread of nuclear weapons would lead to a world that is far less stable and far more dangerous than the one we know today. It is frightening to contemplate the prospect of such weapons coming into the hands of aggressive and unstable leaders or of bitter regional conflicts taking on a nuclear dimension. The consequences for our own national security and that of our allies and friends would be enormous. And that is why the prevention of nuclear proliferation has been and must remain, as President Reagan has called it, a fundamental national security and foreign policy objective.

These, then, are the two foreign policy issues I'd like to discuss with you this evening—international efforts to improve the safety of civil nuclear power and international efforts to prevent the spread of nuclear explosives to additional countries under the guise of civil nuclear programs.

Nuclear Safety

Let me turn first to the question of safety. The months since the accident at Chernobyl have been a time for serious reflection on nuclear power safety, both within the United States and within the international community. Chernobyl made real what had previously been only

a theoretical possibility—a major accident at a nuclear powerplant with significant numbers of fatalities and injuries, massive disruption of life in the surrounding area, and large-scale emissions of radioactive debris that dispersed across international boundaries within a few days, affecting the ecologies and economies of many different countries.

The disaster posed a daunting challenge to Soviet authorities in providing medical help for the casualties, entombing the shattered reactor, disposing of radioactive contamination, and restoring some semblance of normality to life in the affected areas. It also posed a challenge to those responsible for the civil nuclear programs of other nations. It was imperative that information about the accident be acquired, that it be carefully analyzed, and that appropriate conclusions be drawn.

From the very start, the United States played an active role in prodding the Soviet Union to fulfill its international responsibilities by following up its initially quite meager and delayed account of the accident with a full and complete disclosure of the facts. The Soviets themselves soon recognized the

wisdom of this course, and their subsequent reports, while lacking in some details, were generally open and forthcoming.

There was general agreement that the International Atomic Energy Agency (IAEA)—a highly respected international body with headquarters in Vienna, Austria—should be the primary forum for receiving, analyzing, and disseminating available information on the accident. The United States contributed a great deal of expertise to this task and strongly supported the agency in its endeavors relating to the accident. These efforts proved to be timely, thorough, and effective.

A special meeting of the agency's Board of Governors was convened in May 1986. It commissioned a postaccident assessment, directed that an expert working group consider ways of improving international cooperation in nuclear safety, and set the agency's secretariat on preparation of plans and proposals for an enhanced IAEA nuclear safety and radiation protection program. Later in the year, the organization hosted a postaccident review, during which the Soviet Union provided a thorough brief-

ing on the causes of the accident and allowed its representatives to be questioned by international nuclear safety experts.

U.S. Government agencies, using independently available data as well as data supplied by the Soviets, have, of course, also examined the causes and consequences of the accident. Now, a year later, it is possible to draw some conclusions regarding the lessons of Chernobyl for the safety of other civil nuclear power programs.

- The accident happened in the way it did both because of serious operator errors and because of certain peculiarities in the design of the Soviet reactor, which—unlike most Western power reactors—lacked a true containment vessel and also had a propensity to surge in power as coolant was lost. A reactor of this type could not have been licensed to operate in the United States or, probably, any other Western country. It is clear, at this point, that the technical lessons of Chernobyl have little relevance to civil nuclear powerplants in the West.

- The proximate cause of the accident was, no doubt, as the Soviets have maintained, a series of human errors. Human error is possible in anyone's nuclear power program, and the example of Chernobyl thus stands as a cautionary tale for all of us.

- The physical consequences of Chernobyl, while stark enough, will clearly not approach the level originally feared by many. The economic and psychological consequences, however, have been profound. Opposition to civil nuclear power has increased significantly in some countries, particularly in Western Europe, and doubts about the safety of civil nuclear energy production in general have emerged in numerous quarters.

In view of the widespread concern, let me note the steps that are being taken, or have been taken, to ensure the safety of peaceful nuclear energy.

- The IAEA has undertaken a program of expanded cooperative activities in nuclear safety. The agency's plans call for increased visits by its Operational Safety and Review Teams, composed of technical experts from a number of member states to countries requesting safety assistance. Both recipient governments and participating experts find these to be very valuable in ferreting out what we call "possible precursors" of accidents. Plans also call for improved incident reporting and analysis and

Nonproliferation Agreement With Allies

WHITE HOUSE STATEMENT, APR. 16, 1987¹

The President is pleased to announce a new policy to limit the proliferation of missiles capable of delivering nuclear weapons. The U.S. Government is adopting this policy today in common with the Governments of Canada, France, the Federal Republic of Germany, Italy, Japan, and the United Kingdom. These nations have long been deeply concerned over the dangers of nuclear proliferation. Acting on this concern, these seven governments have formulated guidelines to control the transfer of equipment and technology that could contribute to nuclear-capable missiles.

This initiative was completed only recently, following several years of diplomatic discussions among these governments. The fact that all seven governments have agreed to common guidelines and to a common annex of

items to be controlled serves to prevent commercial advantage or disadvantage for any of the countries. Both the guidelines and its annex will be made available to the public.

The President wishes to stress that it is the continuing aim of the U.S. Government to encourage international cooperation in the peaceful use of modern technology, including in the field of space. The guidelines are not intended to impede this objective. However, such encouragement must be given in ways that are fully consistent with the nonproliferation policies of the U.S. Government.

The United States, and its partners in this important initiative, would welcome the adherence of all states to these guidelines in the interest of international peace and security.

¹Text from Weekly Compilation of Presidential Documents of Apr. 20, 1987. ■

reviews of nuclear safety standards as they apply to severe accidents.

- Two international conventions, on nuclear accident notification and on emergency assistance, have been negotiated and have been signed by more than 50 nations, including the United States and the Soviet Union. The entire process, from initial proposals by the agency's Board of Governors to opening of the documents for signature, took less than 5 months—a near-record pace by the usual standards for activities in international bodies. The two conventions have entered into force for signatories that have ratified them. For our part, the President has submitted them to the Senate with a request for their early approval.

- While the current generation of nuclear power reactors in the West is extremely safe, a major challenge for the longer term will be the design of a new generation of nuclear reactors, relying on immutable physical principles rather than on engineered safety devices to ensure that they come to safe shutdown automatically in the event of a serious malfunction. The United States and other nations are studying a number of reactor concepts along these lines.

Events such as those at Chernobyl and Three Mile Island are, fortunately, the rare exception, not the rule. The safety record of nuclear power is, on the whole, extremely good. But accidents at nuclear powerplants, rare though they are, have a potential for inflicting damage far beyond that which might be caused by a conventional generating plant. The standards must, therefore, be stricter; the concern for safety more pronounced. A tragedy such as Chernobyl can be salutary in one respect, if it prompts all of us to renew our commitment to ensuring that nuclear power reactors will be designed and operated with the utmost dedication to safety. In my estimation, the disaster at Chernobyl has had this positive effect in the months since it occurred.

Nonproliferation

The second topic I would like to address this evening is nonproliferation. Like all U.S. administrations since the very beginning of the nuclear age, the present Administration regards the prevention of the spread of nuclear explosives to additional countries as vital to U.S. national security. We have made and continue to make a very vigorous effort to strengthen and improve the international nonproliferation regime, which

stands as a bulwark against the proliferation danger.

We have made every effort to encourage wider adherence to the Treaty on the Non-Proliferation of Nuclear Weapons, or NPT, and the Treaty for the Prohibition of Nuclear Weapons in Latin America, known as the Treaty of Tlatelolco. The NPT, with 135 parties, is the most widely adhered-to arms control agreement in history. It is an exceptionally important instrument for ensuring peace and stability in the world community. Under the NPT, non-nuclear-weapon states are bound not to manufacture or acquire nuclear explosives and to accept international safeguards on all their civil nuclear activities. Nuclear-weapon states are bound not to transfer nuclear explosives to any other state and not to assist non-nuclear-weapon states to manufacture or acquire nuclear explosives. All parties also undertake, as part of the basic bargain, to facilitate nuclear commerce for peaceful purposes and to cooperate, where possible, in contributing to the further development of peaceful nuclear energy.

We have worked hard to strengthen the International Atomic Energy Agency and, in particular, to improve its indispensable system of international safeguards. This system entails the use of materials accounting, containment, and surveillance to detect and, by creating the risk of detection, to deter the diversion of nuclear material in peaceful activities to nonpeaceful purposes.

We have tightened up our own controls over exports of nuclear material, equipment, and technology, and we have worked together with other nuclear supplier countries to strengthen and more closely coordinate our common nonproliferation export policies and practices. Coordination is achieved through two multilateral supplier groups. The Non-Proliferation Treaty Exporters Committee, often referred to as the "Zangger Committee," has established common procedures to ensure that specified nuclear exports will be covered by IAEA safeguards in accordance with obligations arising under the NPT. The other group, the Nuclear Suppliers Group, including supplier countries not party to the NPT, has established guidelines for nuclear exports that go beyond NPT obligations, including a common policy to exercise restraint in the transfer of sensitive nuclear technologies. Each group has developed a detailed list of controlled items, or "trigger list," so called because the export of a listed item triggers the application of

international safeguards. The United States is a founding member of both groups and has consistently supported efforts to preserve and enhance the effectiveness of their guidelines.

Export controls make a major contribution to the overall nonproliferation effort by multiplying the technical obstacles a potential proliferant country must overcome to establish and maintain a nuclear explosives program. In the end, however, they must be supported by broader approaches aimed at eliminating the root causes of proliferation. In this connection, the United States has sought, through comprehensive diplomatic efforts, to reduce the regional and global tensions that can motivate states to consider acquiring nuclear explosives.

And we have worked to restore U.S. credibility as a consistently reliable cooperating partner in the peaceful uses of nuclear energy under adequate safeguards and controls, thereby enhancing our ability to exercise our influence, through consultation and persuasion, over the peaceful nuclear programs of other countries.

Cooperation With Other Nations

Perhaps I might dwell for a moment on the U.S. role as a nuclear supplier to other countries and the way this role supports our overall nonproliferation efforts. Under U.S. law, a formal agreement for cooperation in the peaceful uses of nuclear energy is required if we are to engage in significant nuclear trade with another nation. "Significant" items for which an agreement is required include nuclear reactors, major reactor components, and reactor fuel. The agreement sets forth the terms and conditions for such cooperation. Such agreements, therefore, do more than merely facilitate nuclear commerce; they impose conditions on such commerce, and most especially nonproliferation conditions.

When the U.S. Nuclear Non-Proliferation Act, or NNPA, became law in 1978, it established new, more stringent nonproliferation conditions for inclusion in new agreements for cooperation and required the President to initiate a program to seek to update existing agreements to include the new standards.

Since 1978 we have negotiated or renegotiated 13 agreements meeting all requirements of the NNPA. Just recently, in January, we reached tentative agreement with Japan on the text of a new agreement which is now undergoing internal review in the U.S. and Japanese Governments. This proposed new agreement would contain all the

Refugees and Foreign Policy: Immediate Needs and Durable Solutions

by Jonathan Moore

Address at the John F. Kennedy School of Government at Harvard in Cambridge on April 6, 1987. Ambassador Moore is U.S. Coordinator for Refugee Affairs and Director of the Bureau for Refugee Programs.

For a long time it has bothered me to hear people talking about how important it is to keep their favorite cause out of politics—currently, as in: “We can’t let humanitarian assistance to refugees be dominated by foreign policy interests.” And both in my political experience before coming to the Institute of Politics and the Kennedy School and in my reflection while here, I have come to be extremely wary of single issue, special interest groups—but what do I do now that I’m involved with one? Even though I know what is meant about politics corrupting goodness and the value of concentrated advocacy, I have tended to view politics as a necessary way of getting from here to there and to be more comfortable approaching public policy as the reconciliation of a variety of contending needs.

I’ve been trying to work out in my own mind what refugee policy should be, if there is such a thing, and, more particularly, what role it plays within larger international contexts; what the relationship is, reciprocally, between refugees and foreign policy. Perhaps we can start to test two principles which I have in mind at the outset:

First, that the commitments we engage and the insights we gain from attending to some of the urgent needs of refugees and enriching our society by bringing some of them here can help enlighten our foreign policy as a whole; and

Second, that there can be found more affinity and mutual reinforcement than conflict or contradiction among the various components constituting a comprehensive U.S. approach to the world’s challenges.

So I will take a brief look at the causes, characteristics, programs, and trends of refugee problems; then consider the efforts undertaken to address the immediate needs of refugees in place and the three so-called durable solutions to deal with refugee populations over the longer run; and, finally, examine what

needs to be done to get at the root causes which generate and perpetuate refugees—where the refugee-foreign policy relationship is fully revealed and challenged.

Defining the Refugee Problem

It has been said that refugees are “human rights violations made visible.” They live in dislocated, deprived, marginal, ambiguous circumstances with bleak futures. Most remain victims of violence—in the countries they have fled and the wars they sometimes bring with them, from hostile local populations and their own incipient factionalism. They usually go to countries which are extremely impoverished themselves—the average per capita GNP [gross national product] for the primary nations of first asylum is \$822.

An ambitious international system of multilateral and bilateral programs, utilizing a huge, far-flung array of collaborators, administers crucial assistance to refugees. These services include life-sustaining support, food, water, shelter, medical supplies and health aid, education, protection and security, development and impact assistance, representation and negotiation to improve immediate and future treatment of refugees, and resettlement. The partner in the effort include multilateral agencies led by the UN High Commissioner for Refugees (UNHCR); international organizations such as the International Committee of the Red Cross and the Intergovernmental Committee for Migration; a multitude of nonprofit, nongovernmental, voluntary agencies with enormous commitment and skill; and nation states that receive refugees in first asylum, donate money, resettle refugees, and even, in some instances, facilitate their return. The United States has sustained its leadership in providing humanitarian assistance across the globe through a traditional, bipartisan commitment as a major donor and resettlement state, having welcomed well over a million refugees since 1975. This international enterprise has saved and continues to save millions of lives and supports the continued provision of first asylum. It is heroic, absolutely essential, and inadequate.

consent rights and guarantees required by U.S. law. At the same time, it would provide Japan with certain advance, long-term U.S. consents regarding the use and storage of nuclear material subject to the agreement, thus affording Japan a more predictable basis for planning its long-range energy program.

We expect that, when brought into force, this agreement will strengthen the international nonproliferation regime by setting a new standard for rigorous nonproliferation conditions and controls in agreements for peaceful nuclear cooperation. It will provide a basis for the United States to work closely with Japan in ensuring application of state-of-the-art safeguards concepts and physical protection measures, thus affording us an important measure of influence over the future of one of the world’s fastest growing civil nuclear programs. And it will reaffirm the U.S. intention to be a reliable nuclear trading partner, thus helping to ensure the continuation and growth of our nuclear exports to Japan. These exports include uranium enrichment services with an average annual value of close to \$250 million and component exports whose value is also very substantial.

Conclusion

Civil nuclear power today is increasingly relied upon by many countries as an important energy resource. Properly managed from a safety and nonproliferation point of view, it has the potential to play a critical role in satisfying world energy needs until well into the next century. The key, of course, is proper management. Civil nuclear energy is safe, but it must be made even safer. It is safeguarded against the possibility that it will be turned to nonpeaceful purposes, but the safeguards must be further improved. This is the challenge ahead of us. I believe that good progress has been made in meeting this challenge, and we are determined to persevere in our efforts. ■

Trends in refugee affairs include:

- A "tightening up" of formerly open and generous policies by many first-asylum countries;
- Increasing pressure on states hosting large numbers of refugees for scarce resources and services;
- A tailing off of admissions and ending by resettlement and donor countries, including the United States;
- A proportional increase of economic migrants and illegal immigrants—aided by better communications and transportation technology crossing increasingly distant boundaries—as distinct from victims of persecution *per se*;
- A downward yet continuing flow of refugees from Vietnam, Afghanistan, and Ethiopia;
- A shift of emphasis from reliance upon resettlement to pressing for repatriation of refugees;
- Increased arrivals of Third World asylum-seekers into Western Europe and North America; and
- A continuation of population increases outstripping development.

We can expect a rise in international migration, during the balance of this century and beyond, of people seeking employment and physical safety.

When a flood of humanity surges across a border, it matters little whether the persons arriving are legally eligible to be considered refugees, or displaced persons, or persons of concern under the High Commissioner for Refugees' extended mandate, or just plain hungry, sick, fearful people. The response is to care for them; provide them the necessities of life itself; and sort out tentatives, priorities, and criteria later. But the question of how to define a refugee is a major concern, as it has implications for a country's immigration and asylum policies as well as for its attitude toward refugee assistance. Definitions are subject to the political interest of various parties, and people of similar origins and in similar conditions may be treated differently. Definitions tend, ultimately, to be more prescriptive than descriptive.

The most commonly held definition of a refugee is that found in the 1951 Geneva convention and its accompanying 1967 protocol, which define a refugee as a person outside his or her country of habitual residence who cannot or will not return "because of a well-founded fear of persecution on account of race, religion, nationality, membership in a particular social group, or political opinion." This is the definition that the

United States adheres to when considering an individual for admission to the United States as a refugee. Other definitions are considerably more inclusive. For example, the Organization of African Unity extends beyond the "well-founded fear of persecution" criterion to include "every person who, owing to external aggression, occupation, foreign domination or events seriously disturbing public order in either part or the whole of his country of origin or nationality, is compelled to seek refuge in another place outside his country or nationality."

This broader definition is important, given the need to provide immediate assistance and to continue to provide care and protection for an extended period of time. Our own laws facilitate this definition, allowing international assistance funds from the United States to flow flexibly. Our Migration and Refugee Assistance Act of 1962 provides the authority for assistance in place, as opposed to resettlement, without defining refugees specifically but allowing, for

instance, contributions to the UNHCR for assistance to "refugees under his mandate or persons on behalf of whom he is exercising his good offices" and for "meeting unexpected urgent refugee and migration needs."

Addressing Refugee Needs

The international refugee community concentrates its efforts—not exclusively, but primarily—on immediate assistance to refugees in place, in first asylum, where the need for help occurs first and is the most acute. The capacity to provide this help effectively has improved in recent years and can be the difference between life and death, although, in some instances, access to the suffering populations can't be achieved, and in others, the help provided is very meager. What are the barriers and the limits to such assistance? What are the pressures and dangers of refugee life in camps and settlements, and how permanent are these "temporary" sanctuaries? Most refugees want, above all, to return to

U.S. Coordinator for Refugee Affairs, Director, Bureau for Refugee Programs



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assistant with the U.S. Information Agency in Bombay and later Monrovia. He served in the Office of International Security Affairs (Department of Defense), 1961-64, for a time as special assistant to the Assistant Secretary of Defense. He was special assistant to the Assistant Secretary of State for Far Eastern Affairs 1964-66. He was executive assistant to the Under Secretary of State in early 1969.

Ambassador Moore was assistant to the minority leadership, U.S. Senate, in 1959; Legislative Assistant to Sen. Leverett Saltonstall (R.Mass.) 1959-61; and chief foreign affairs adviser on the national campaign staff of Gov. George Romney 1967-68. He was also foreign policy adviser on the national campaign staff of Gov. Nelson Rockefeller (1968).

Mr. Moore has held assignments as Deputy Assistant Secretary of State for East Asian and Pacific Affairs (1969-70);

Counselor to the Department of Health, Education and Welfare (1970-72); and special assistant to the Secretary and Deputy Secretary of Defense (1973). From June to November 1973, he was Associate Attorney General, Department of Justice.

Previous to his current position, Mr. Moore was Director of the Institute of Politics and lecturer in public policy at Harvard's John F. Kennedy School of Government for 12 years.

In addition Mr. Moore has served on the advisory committee, National Institute of Law Enforcement and Criminal Justice (1974-76); consultant, President's committee on the accident at Three-Mile Island (1979); member of the Secretary of Health, Education and Welfare's ad hoc group on the future strategy of the Department of Health and Human Services (1980); member of the Cape Cod National Seashore Advisory Commission (1982-85); and member of the Secretary of State's panel on Indochinese refugees (1985-86). In Oct. 1984, he was a consultant to the Agency for International Development in a field assessment of the U.S. economic assistance program for the Philippines.

Mr. Moore was sworn in as U.S. Coordinator and Ambassador at Large for Refugee Affairs on Sept. 12, 1986, and was appointed Director of the State Department's Bureau for Refugee Programs on Mar. 5, 1987. ■

their homes, yet conditions of safety and stability enabling them to do so remain elusive.

The behavior of the receiving country is the most significant variable. The response of the international community—advanced by the UNHCR—is next, but usually is available and reliable. Receiving countries have security, political, economic, and cultural interests and values which, together, will determine what their response will be. Often it is most generous and patient. Naturally, internal political stability, conflicts with neighboring states, the relationship of the given refugee population to insurgency ambitions or apprehensions, old ethnic rivalries, contrasts in standard of living, and consideration of foreign alliances and assistance will play a role in determining the refugee policies of the host nation.

The whole experience of refugees is an intense mix of dedication and exploitation, and this is where it begins. Perceptions of first asylum are sometimes determined by distance—what looks like a politically persecuted refugee from far away may appear more like an illegal immigrant up close, or, as a hard-boiled American politician of local renown once put it: "It's easier to be liberal further away from home."

The negative economic and political impact on local goods, services, and populations, despite substantial imports of outside assistance—the burden on the host country of large refugee influxes staying for long periods—is intensive, divisive, and destabilizing. Consider the effect of having well over 2 million needy Afghans settle "temporarily" in Pakistan for over 6 years, where, even before their arrival, the per capita GNP was less than \$400.

To try to soften the impact of massive refugee influxes, the United States and the international community have developed a variety of programs aimed at encouraging self-sufficiency among refugee populations and providing assistance to local populations disrupted by the refugees' arrival. These programs range from reforestation, irrigation, and road-building projects with the World Bank in Pakistan to water projects and direct food supplements to affected villages in Thailand. In El Salvador and Uganda, U.S. aid programs help repatriated refugees and returned displaced persons in resettlement and agricultural self-sufficiency projects. In Lebanon, UN agencies offer food and medical supplies to needy local communities, in addition to those suffering within the refugee camps.

What are the conditions of the refugees who stay in camps or settlements for protracted periods of time? Their situation can differ widely. For some, refugee camps are closed—that is, the refugees are not allowed to leave the camps and are densely concentrated. For others, they may be distributed in more open settlements and permitted to have some access to the markets and jobs of the host country. The psyche shrivels and the morale wanes faster, of course, in the former instance. The fabric of life generally in refugee camps is characterized by all sorts of pathology, despite the courage, will, and resilience of their inhabitants: disruption and disorientation, dependency, apathy, powerlessness, loss of self-esteem, claustrophobia, pressure on the family, deterioration of authority structures, and the random violence which follows. The longer refugees remain refugees, the more these characteristics are intensified, moral strength is sapped, frustration sets in. Anger and hate can grow and multiply, and the potential for "Palestinization"—a profoundly tragic term, even if the phenomenon was never repeated—increases, as, perhaps, in the case of the 260,000 Khmer displaced persons along the Thai border, the 2.8 million Afghans in Pakistan, or even the 400,000 Oromo and ethnic Somalis from Ethiopia in Somalia since 1979.

So immediate "emergency and temporary" assistance is critical. We can never fail to provide it, and for as long as it takes, but it cannot become permanent; it's a wasting option, and its unrelieved, unliberated continuance is both unacceptable and probable.

Promoting Durable Solutions

What happens next? Are there effective possibilities which lie between taking care of the emergency and attacking the root causes of refugee problems? This brings us to the three classical "durable solutions" which the international community relies on as long-run alternatives to immediate assistance in place:

Repatriation—the voluntary return to the country from which the refugees fled;

Local integration—establishing new homes in the country of first asylum; and

Third-country resettlement—transporting and transplanting refugees to a distant country where there is the opportunity to begin a new life.

How dynamic, how viable, how extensive are they?

Resettlement to a third country, ideally, should be the last option to be considered. This is difficult for the strongest among us—extremely so for refugees who often lack the resources, education, or adaptability for a new environment. To make such a transition a success requires a tremendous effort both on the part of the refugees and those taking them in. The process is difficult, it is expensive, and many cannot meet the restrictive eligibility requirements necessary to qualify for permanent admission to third countries. There is also the risk that resettlement itself will be seen as a route for migration, a "magnet effect" which attracts further refugee flows.

This is not to say that resettlement does not remain a viable option for a limited few, a necessary component in the mix of solutions needed to cope with problems as we seek other solutions. It is not to say that many refugees do not make the transition successfully and flourish in their new homes. The United States has been the world's leader in resettling refugees from distant lands—particularly Indochina, from where over 800,000 refugees have arrived in the past 11 years, adding rich new thread to the fabric of the American tapestry.

But as a solution with broad applicability, resettlement has reached a plateau and will fall off. We will continue to resettle refugees, as will other countries who have generously opened their doors to those in need. About one-third of the U.S. refugee assistance budget of \$340 million for fiscal year 1987 goes for resettlement of roughly 65,000 refugees in this country—and about two-thirds for international assistance for roughly 10 million refugees in place. Resettlement can be a solution for only about 1% of the world's refugees.

First-asylum countries around the world are currently among the poorest in their own right and are often struggling under the burden of newly arrived populations in need of assistance. Although their response has been remarkable, in the long run they are unlikely to be able to provide significant opportunities for the second durable solution—permanent local integration—of large numbers of refugees. Exceptions where hospitality has been warm and in-country integration has worked well can be found, especially in Africa where hundreds of thousands of refugees have found new homes in Burundi, Rwanda, Sudan, Tanzania, Uganda, Zaire, and Zambia. But even in Africa, things are beginning to constrict, countries are becoming less willing or their

agile economies less able to bear the weight of new populations. In Southeast Asia, where first-asylum countries, supported by efforts of the UNHCR and the settlement countries, have granted refugees asylum for more than a decade with no end in sight, there are accumulating pressures, and early prospects for refugees settling in the region are not bright.

Voluntary repatriation, the most desirable traditional durable solution, is so often the most difficult to achieve, or a person to be willing to return home, the conditions which forced him or her to become a refugee in the first place just be resolved. All too frequently, the causes of refugee flight are intractable and unlikely to disappear soon.

Some repatriation is taking place, and the UNHCR is taking the lead with attempts at cooperation by certain members of the international community. As a goal, we believe that more situations where repatriation is possible must be encouraged and will develop. In Africa, again, voluntary repatriation is a natural and active phenomenon. Over a dozen different repatriations there are occurring now or have recently, either spontaneously or assisted by the UNHCR or other organizations. Large numbers of refugees have repatriated to Ethiopia from Sudan, Somalia, and Djibouti; to Chad from the Central African Republic, Sudan, and Cameroon; to Uganda from Rwanda, Sudan, and Zaire. So there are ebbs as well as flows—although they are not symmetrical, given the stubborn disruptions across major portions of the continent, and Africa is an exception in this respect begin with.

What is key to recognize is that the more classical durable solutions, while important and valuable options in managing refugee situations, are, today, limited and insufficient in and of themselves. If we are really serious about helping people who have reached such a state of fear and discouragement that they are willing to abandon everything, we must not only "manage" refugees once they arrive in first asylum and press all three durable solutions but also find ways to achieve conditions which would lead them to stop being refugees and prevent them from becoming refugees in the first place.

Interrelationship of Foreign Policy and Refugee Problems

We have come to the final and fundamental two questions. Do nation states,

individually and in concert, have the imagination and the political will to address effectively the root causes of the refugee problem? Can refugee issues be reconciled with other forces and interests in the formulation of U.S. foreign policy? "Wouldn't it be pretty to think so?" said Jake to Lady Brett in response to her excessively romantic characterization of life in the last line of *The Sun Also Rises*.

We have already confronted and accommodated many juxtapositions of refugee issues and foreign policy needs in getting to this stage of our discussion, but in addressing root causes, the interrelationship—which is a complex, dynamic, inevitable, and critical one—is most tested. Refugee consequences tend to be the result, rather than the aim, of foreign policy thrusts. Refugees tend to become a foreign policy issue when they happen; they are not deliberately provoked. They tend not, as an original matter, to be a significant factor in policy-making—the fact that they can become a horrendous byproduct may suggest this should change.

Foreign policy strategies affect refugee interests, and refugee realities infect foreign policy in a variety of ways; refugees tend to be highly impactful in international relations. The decision to be a refugee is a political statement differentiating between countries, and the decision to grant asylum, aside from humanitarian motivation, can be seen as a hostile act by a neighbor. The same nation-states which are providing significant humanitarian assistance to refugees may, at the same time, be pursuing policies that have the effect of generating refugees.

Refugees are volatile, sometimes prone to destabilizing activity; they are vulnerable, sometimes subject to destructive exploitation. They are burdensome and intrusive in terms of economic and social progress, affecting international resource competition and allocation. They often participate in insurgencies which are international by the fact of their location on the other side of an international border and by the support they may receive from foreign sources, posing crucial foreign policy decisions. The fact that they are freedom fighters does not mean that they aren't also refugees—the definitions are frequently combined or blurred; and the relatives and camp followers are even harder to type—are they co-conspirators, hapless pawns, or innocents, and what should be done with them?

External aggression creates refugees which then have to be dealt with, as in Afghanistan and Cambodia. Refugee populations may themselves become powerful factors in regional struggles, such as the Palestinian refugees. Interested countries have to decide what weight to give aid to refugees or to refugee-affected states; whether to try to change or prevent change in governments tied up with refugee problems, to support or oppose refugee insurgencies, to press for first asylum or repatriation at the cost of other interests. Trade policies, security needs, deficit-fighting initiatives—all can influence or be influenced by refugees.

Addressing the Root Causes of the Refugee Problem

So much for the interdependence; what are the root causes which our foreign policy would have to address in order that refugee phenomena be radically alleviated? It is an intimidating list, particularly if you even pause to consider what might actually be done about its entries, which essentially divide into three clusters, each threatening, constant, and widespread:

- War and violence—a huge number of continuing armed conflicts in various areas of the world;
- The brutal violation and abuse of human rights, systematic and particular, in most of the countries of this planet; and
- The ruthless disparity of rich and poor or, more precisely, grinding poverty brought on by various natural and manmade causes, again suffered by most of the world's peoples.

As a hypothetical exercise—calculating if not redemptively indulgent of refugee needs—if foreign policy could work magic, what would it effect? What if those of us seized with refugee issues could have our druthers and behave as if they were the only problems we had to worry about? What if we did not have to contend with conflicting policy interests, if foreign policy was, in fact, refugee policy—which, of course, is not so. What other interests might be served and problems lessened if it were so?

We would try to bring to an end insurgencies and military occupations—in Afghanistan and Cambodia, in Mozambique and Angola, in Nicaragua and El Salvador. We would try to terminate the traffic in arms around the world. We would press closed societies harder for legal emigration accords eliminating the need for dangerous flight

and for agreements providing safe voluntary repatriation. We would greatly increase our economic development aid to help remove the seeds both of economic migration and the kinds of disequilibria that bloom into refugee-generating situations. Radical efforts would focus on aiding those countries wallowing in economic morass to build viable economies capable of providing opportunities for their people, staving off both the specter of true hunger and the hunger for a better life elsewhere. If this, our Panglossian mission, were successful, citizens in all countries would be provided access to the political institutions which influence their destiny; fear of persecution and repression would have no place in the human condition; and true democracy, religious tolerance, and economic freedom would reign.

So much for dreaming—although it does reveal the profoundness of our problems, the near-daunting challenge even of how to begin to address them, the commonality of refugee and other less esoteric aspirations, and how improbable it is that all this will come about. In order to advance refugee policy, not at the expense of but within the pluralism of foreign policy, what is required is elevation and integration.

Refugee values should play a more influential role at the higher levels of macro-policymaking and in the competition of forces which determines its shape. Refugees are just one facet in the multifaceted competition among legitimate interests which must be coordinated and reconciled in the molding of foreign policy. To move toward affecting those conditions so as to bring relief to the world refugee situation, refugee interests should become more—not less—political, more relevant and less isolated, if they are to influence the scale of foreign policy decisionmaking in their favor.

Specifically, this must be achieved in deliberations with those officials responsible for regional and bilateral relationships in the State Department and with the National Security Council staff; in representations with nations abroad and with multilateral agencies; in program design and budget planning across the executive branch; in intensive consultations with Congress; in public education; and, finally, in relations with voluntary agencies, churches, state governments, resettlement communities, and ethnic organizations. Accepting the narrow view or the narrow management of refugee interests is self-defeating in two ways: it denies reality and falsely inflates expectations, and it locks into a

parochialism where you are constantly chasing your tail and losing ground.

To come back from where we started tonight, we must seek affinity and mutual benefit—this is both idealistic and sophisticated, and it had better be both. The task is extremely arduous, almost futile, requiring affirmation and resoluteness, rejecting complacency and cynicism. First, by actively inserting refugees into the fray of competing interests with influential actors, there is

a higher possibility of arriving at a policy that will be less likely to generate or exacerbate refugees. Second, if a policy is decided upon which has refugee consequences, it will be with foreknowledge, and responsible officials will be better prepared to deal with the results. Third engagement with these humanitarian concerns will serve to enlighten policymakers generally at a level where critical decisions are made, presumably to the benefit of other interests as well. ■

World Radio Conference Concludes

U.S. Ambassador Leonard H. Marks has expressed "satisfaction" over the outcome of the second session of an international conference on planning procedures for high-frequency (shortwave) radio broadcasting.

Speaking to reporters in Geneva March 7, as the 5-week World Administrative Radio Conference (WARC) on the allocation of the high-frequency (HF) bands for broadcasting came to a close, the head of the U.S. delegation said a "compromise" had been reached at the conference which met U.S. goals.

"The compromise reached here should enable the Voice of America, Radio Free Europe/Radio Liberty, and private shortwave broadcasters licensed by the Federal Communications Commission (FCC) to continue modernizing their facilities and to begin preparing for new transmission techniques that could, in the next century, dramatically increase their already substantial audiences around the world," he said.

The conference is held under the auspices of the International Telecommunication Union (ITU), the Geneva-based UN agency specializing in the most effective use worldwide of telecommunications.

It follows on from a high-frequency WARC, held in 1984 to try to solve the problem of congestion and poor quality shortwave broadcasts resulting from increasing use of the HF band.

Marks said "the essential fact remains that there are too few frequencies to meet the demand" of shortwave users.

He summed up the results of the second session of the conference as follows.

- It called for a new conference, probably in 1992, to consider increasing the number of channels available for

broadcasting on the shortwave band, particularly in the popular six and seven megahertz (49- and 41-meter) bands. He said the next conference might consider freeing up more space for broadcasting on the shortwave band by moving non-broadcasting uses—such as aeronautics and maritime mobile, safety services, military, etc.—to other locations.

- It called on the manufacturers of shortwave radio transmitters and receivers to begin developing equipment by the end of 1990, suitable for single-side band (SSB) broadcasting as well as by the current double-side band (DSB) techniques. (SSB takes up about one-half the band space of DSB.) "Worldwide conversion to the SSB mode of transmission could potentially double the number of channels available for broadcasting," Marks said. He added that the conference has set a tentative target date 2015 for such conversion, but this would be subject to the pace of introduction of the new SSB equipment around the world during the 1990s.

- It agreed to carry out a further round of computer tests on a new automated procedure for planning shortwave broadcasting. Since 1959 the ITU has used a U.S.-sponsored voluntary coordination procedure to find the optimal broadcasting frequencies for countries within the limited amount of frequency space available for shortwave broadcasting. At the first session of the conference in 1984, a computer-automated international frequency assignment planning system was developed. found to be successful, it would eventually replace the voluntary coordination procedures. However, Marks said that computer tests of the new system showed that 25% of the broadcast requirements of countries were not satisfied, and 25% of the countries were provided a signal of minimum quality and not really usable for broadcast purposes. Therefore, the current conferen

made "very substantial changes" to the computer plan, which—after 3 years of software development and testing—will be reviewed at a future conference, probably in 1992.

• It adopted a U.S. resolution—supported by Canada, Western Europe, and other nations—to continue the ITU's monitoring of "harmful interference," or jamming, by countries of other nations'

international radio broadcasts. "No automated planning system can effectively be implemented as long as jamming continues," Marks said, noting that the ITU's monitoring had identified the Soviet Union, Poland, and Czechoslovakia as the worst offenders when it comes to jamming foreign radio broadcasts. ■

Recent Developments

Let me comment briefly on recent developments in some of these areas, and then outline for you the policy principles that mark the Administration's approach to each.

Afghanistan. The essentials of the Afghan conflict have not changed in recent months. The Soviets have been unable to translate their massive military involvement into stable political arrangements in Kabul. Resistance to the Soviet presence and its client government continues to grow; and international support for the resistance has never been stronger.

While the Soviets have not taken decisive actions to end their military involvement in Afghanistan, there have, nonetheless, been some significant developments in recent months, some of which enhance the possibilities for a political settlement.

• While the tempo of military action in Afghanistan remains very high, Soviet efforts to shift the burden of combat to Afghan units have largely foundered on the inefficiency and uncertain loyalty of the Afghan military.

• Despite wishful claims to the contrary, attempts to broaden the political base of the Najibullah regime, to coopt or coerce the *mujahidin* into giving up their struggle, and to disrupt the infrastructure of the resistance have failed.

• The Soviets have, more and more emphatically, declared their intention to withdraw from Afghanistan. They claim that the Soviet Army has completed its mission there and that a schedule for its withdrawal has been set. Yet the minor withdrawals implemented to date have been of no military consequence, and the cease-fire proposed by Kabul last January was understandably spurned by the resistance because it did not address the underlying cause of the conflict—namely, the occupation of the country by some 120,000 Soviet troops.

• The Geneva proximity talks continue, the last having taken place in March. Differences on the central question of a timetable for withdrawal of Soviet troops have narrowed somewhat. In the most recent round, the Kabul regime proposed an 18-month timetable; Pakistan responded by indicating its willingness to accept a 7-month withdrawal period.

• The Soviets have belatedly acknowledged that a serious process of national reconciliation must include those who have taken up arms against the regime, the refugees who have been

South Asia and the United States: An Evolving Partnership

by Michael H. Armacost

Address before the Asia Society on April 29, 1987. Ambassador Armacost is Under Secretary for Political Affairs.

It is a particular pleasure to address the Asia Society of Washington tonight. I have had a long and happy association with this organization, for the most part in connection with previous duties in South Asia. This is a welcome and timely opportunity to share with you some thoughts on our relationship with South Asia—that quarter of the world that lies between Iran on the west and Burma on the east.

One measure of the growing importance of South Asia to the United States is the time and attention which senior Administration officials—myself included—devote to the policy challenges and opportunities in this important group of countries. By that standard—indeed, by any standard—the region is very important, indeed.

U.S. Interest in South Asia

What happens in South Asia is a matter of consequence to Americans. Our stake in the subcontinent was first expressed in our support for the independence of South Asia from British rule. We saw that states free from outside domination would be the best guarantors of regional security. We appreciated the size and diversity of the populations of the region and its potential for rapid and equitable economic growth. We especially recognized the democratic aspirations and achievements of the peoples of South Asia, the vitality of their intellectual and cultural traditions, and—more recently—the key roles these countries have come to play in international and

Third World fora and their significance in East-West and North-South relationships.

This interest has been articulated by every American Administration since World War II. Yet the scope of our involvement, the relative emphasis given to security versus economic concerns, and the priority accorded to particular countries within the region have varied with changes in international circumstances and in the rhythm of American politics. Continuity has not always been our strongest suit as we have sought to balance our regional interests in South and Southwest Asia with our global concerns about the expansion of Soviet power.

Some Administrations have pursued close ties with Pakistan, to the detriment of relations with India; others have sought to augment our ties with India at the expense of relations with Pakistan. The Reagan Administration has attempted to forge closer relations simultaneously with both nations. We recognize, of course, the importance of the other countries of the region, and we have also sought to develop further our bilateral ties with them.

Our goals in the area are to:

- Restore Afghanistan's independence;
- Avert a nuclear arms race in the subcontinent;
- Encourage a reduction of tensions between Pakistan and India;
- Stem the drug trade and forge closer international cooperation against terrorism;
- Preserve national integrity in the face of separatist demands; and
- Support moves toward democracy and regional and economic cooperation, including the impressive strides made by the South Asian Association for Regional Cooperation (SAARC).

driven from their country, and prominent individuals associated with previous Afghan governments. But Moscow's current approach appears to envisage a coalition government built around and led by the Communist Party of Afghanistan, while including elements of the resistance—a political arrangement that the resistance rejects because it will not work.

- Political consultations among resistance parties have intensified in recent months. The resistance alliance has maintained a common front in rejecting the legitimacy of the Najibullah government. However, differences evidently persist among the alliance parties with respect to who should lead an interim government and how it can best be created.

- While Pakistan continues, with courage and magnanimity, to open its doors to nearly 3 million Afghan refugees, this burden has become much more onerous politically in the face of Soviet efforts to harass and intimidate Pakistan by bombarding border villages, sowing disinformation, and engaging in sabotage designed to fan ethnic and communal rivalries.

- In our conversations with Moscow, we have reminded Soviet leaders repeatedly of the heavy burden their presence in Afghanistan imposes on U.S.-Soviet relations and the salutary impact an early political solution would have on our ability to move forward on other aspects of the East-West agenda. Yet we remain uncertain of Soviet intentions. On the one hand, they have permitted a more open public and media discussion of their policy in Afghanistan, with General Secretary Gorbachev having taken the lead in declaring before the 27th Party Congress that the war has been a "bleeding wound." On the other hand, they have dramatically increased their attacks against innocent Pakistanis and Afghans.

We do hope that when all is said and done, the Soviet leadership recognizes the rising cost of their present involvement in Afghanistan. They do now appear to see that their original aims are unattainable through military force and that continuing to pursue an inconclusive struggle could seriously jeopardize Mr. Gorbachev's domestic agenda as well as his efforts to create a more flexible Soviet foreign policy. What remains is for them to take the tough decisions that will facilitate an early resolution of the conflict. We will certainly be ready to respond positively if they do.

Indo-Pakistani Nuclear Tensions.

Nuclear proliferation in the subcontinent is a matter of both regional and international significance. Both India and Pakistan possess impressive scientific and technical capabilities in the field of nuclear technology. Both have strong economic incentives to develop civil nuclear power programs. Neither has signed the Nuclear Nonproliferation Treaty, and both have unsafeguarded facilities.

The Reagan Administration certified to the Congress last October its judgment that Pakistan did not possess a nuclear device. Despite recent press stories, we have not changed this assessment. Yet concerns about a drift toward the competitive acquisition of nuclear weapons in South Asia are growing—both here and in the region.

- There is some public support for "going nuclear" in both India and Pakistan—a support based on what we believe to be a lack of appreciation of the costs, risks, and dangers associated with nuclear proliferation and a regional nuclear arms race. Some public figures in both countries now openly advocate nuclear weapons programs.

- The strains of distrust in the overall political relationship between New Delhi and Islamabad have interrupted a nascent dialogue about nuclear issues, delaying the consummation of a promising agreement not to attack one another's nuclear installations and stalling consideration of other confidence-building measures in this field.

- Increased congressional concerns about these developments have been registered by committee action in both the House and the Senate to reduce the Symington amendment waiver provisions from 6 years to 2 for the next assistance program proposed for Pakistan and to acknowledge explicitly in the law the need for regional cooperation to prevent nuclear proliferation.

As technical limitations on the capacity of Pakistan and India to acquire nuclear weapons diminish, the importance of developing more effective political constraints against crossing the nuclear threshold increases. Fortunately, the leaders of both countries recognize the great dangers and costs they would suffer if India and Pakistan were propelled into a nuclear arms race. We are working to help them build upon this understanding.

Indo-Pakistani Relations. Since independence, tensions between India and Pakistan have complicated our own relations with both countries. While our

assistance has been substantial (more than \$20 billion), help to one has frequently been seen as a source of danger to the other.

In recent years, New Delhi and Islamabad have established mechanisms for normalizing and managing their bilateral relationship. During the last year, however, this process has been subject to great strain and again has stalled. Troop movements and exercise along the Indo-Pakistan border in January led to an upsurge in mutual suspicions. And, while the immediate crisis was resolved, the incident served further to complicate the efforts of the two nations to expand bilateral trade and other exchanges, to resolve the Siachen Glacier dispute, and to bridge differences between Pakistan's proposed no-war pact and India's proposed peace and friendship treaty.

The ability of India and Pakistan to forge stronger bilateral ties is fundamentally hampered by mutual suspicions. Each fears that its neighbor is fanning ethnic rivalries. Each is wary of the external defense relationships of the other with outside powers. While legitimate security concerns are at stake, such perceptions are often exaggerated and inflamed by hyperbolic rhetoric.

Despite these problems, the leader of both India and Pakistan appear determined to prevent a deterioration in relations. Their periodic meetings have been marked by cordiality and candor. Indus summits of the South Asian Association for Regional Cooperation, to which both are dedicated, now provide additional opportunities where they—and the other leaders of the subcontinent—can discuss bilateral issues.

National Integrity. Since the formation of independent states in South Asia 40 years ago, ethnic, subregional linguistic, and other separatist movements have threatened the national integrity of the new polities. These movements are dangerous in principle and dangerous in practice. For example, the formation of an independent state Khalistan, as demanded by some India and foreign Sikhs, would not only violate the principle of national integrity but would also create a vulnerable and indefensible entity lacking international support and strategic depth. This is true: well of other separatist movements. Furthermore, the multiethnic nature of many South Asian states sustains suspicions that neighboring countries are seeking to exploit unrest among competitive ethnic groups for the purpose of weak-

ng regional rivals. India, for example, has charged Pakistan with helping Sikh militants. Pakistan has made similar allegations about Indian assistance to the Sindhis. We oppose disruptive movements of this kind.

Most disturbingly, violence in Sri Lanka has escalated tragically in recent weeks, as militants calling for a Tamil homeland have initiated a series of brutal bombings and other armed incidents—thus precipitating renewed military confrontation in both the north and the east. The Jayewardene government has responded forcefully. Some civilians have been caught in the crossfire, exacerbating the conflict.

This upsurge of violence has further hardened the polarization of political forces in Sri Lanka, strengthened the hands of those within the insurgent movement and government camps who advocate a military solution, and may have reduced the leverage of India over Tamil militants. We certainly support the efforts of India to bring the insurgents to the bargaining table so that long-delayed political negotiations can be resumed.

Regional Cooperation. It is apparent to any observer that the region faces a daunting agenda of political and security challenges, but the states of South Asia are determined to confront them and have been looking for ways to build bridges to their neighbors. We have recently witnessed the development of an innovative instrument to encourage communication and cooperation in the area—the South Asian Association or Regional Cooperation, established in 1985. SAARC is a living memorial to the wisdom and vision of its advocate, the late President Ziaur Rahman of Bangladesh.

This regional association has quickly established impressive, firm roots by concentrating pragmatically on economic, cultural, and environmental cooperation that brings tangible benefits to the peoples of the region. The establishment of a meteorological research center, the opening of an agricultural information center, and collaboration in fields such as telecommunications all represent excellent beginnings. SAARC summit meetings have served as fora for discussing arrangements for regional cooperation, and they have also provided opportunities for bilateral meetings among leaders.

Elements of U.S. Policy

In sum, the current scene in South Asia reflects elements both of hope and of



danger. Our task is to nurture the possibilities of an Afghan settlement, encourage Indo-Pakistani reconciliation, and lend support to the growth of democratic institutions and regional cooperation on such matters as drug control and coping with terrorism, while seeking to diminish the risks of nuclear competition and ethnic violence in the subcontinent. With these broad aims in mind, let me comment briefly on the policy efforts we have undertaken in recent months.

Supporting the Cause of Afghan Independence. With respect to Afghanistan, there are those who say that we seek to keep the Soviets in Afghanistan in order to “bleed” them; that we covet the use of Afghan territory for

strategic purposes; or that our aim is to achieve “historic revenge” for Vietnam. These self-serving misreadings of our objectives could not be further from the truth. Rather, our objectives in Afghanistan are to get Soviet forces out, to permit the Afghan refugees to return home, to allow the Afghans to determine their own political future, and to restore the country to its traditional status as a neutral, nonaligned buffer. There are two key elements to a political settlement:

First, a timetable providing for the rapid and complete withdrawal of all Soviet forces; and

Second, political arrangements inspiring sufficient confidence among the Afghan refugees to induce them voluntarily to return home.

The first issue—that of a timetable for Soviet withdrawal—is the only unresolved issue remaining in the “proximity talks” conducted in Geneva under the auspices of Diego Cordovez, the UN Secretary General’s special representative. He has displayed admirable dedication in moving these negotiations along, and some progress has been achieved. More is needed. A lengthy withdrawal period would serve only as a device to demoralize and undermine the resistance while the Soviet Union fortifies its client regime in Kabul. It is for this reason that we support Pakistan’s call for a timetable that is framed in months rather than years.

As for the second issue (which is essentially not part of the agenda at Geneva)—that of political arrangements—the Soviets maintain that the process of national reconciliation has been launched. They claim that it is making dramatic progress—that, at the grassroots, they are gaining the cooperation of resistance leaders who are giving up the struggle to become local governmental authorities, and that, at the national level, they are attracting resistance leaders and other Afghans into a coalition arrangement.

In fact, the *mujahidin* have exhibited little interest in a government of national reconciliation constructed by the Soviets around the current Kabul regime. No significant resistance commander has defected to the regime; no prominent Afghan exile has joined the government; and no significant element of the Afghan refugee community has responded to Najib’s entreaties to return. The resistance insists—and appropriately so—that priority should be given to removing foreign troops from Afghan territory. It dismisses the idea that Najib can serve as a credible agent of reconciliation. It prefers interim governmental arrangements led by those with well-established nationalist credentials.

If the Soviets are as confident as they profess of Najib’s capacity to forge local accommodations, they should promptly withdraw. If they harbor doubts about his staying power, let them work for the establishment of an interim government headed by Afghans enjoying broader support among their own people.

The Soviets express concern that a rapid withdrawal could result in a “bloodbath” directed against their friends in Afghanistan. Although the Russians have exhibited little squeamishness about the more than 1 million Afghans who have died during

more than 7 years of war, their concerns in this regard should not be dismissed out of hand. No one wishes to see further bloodletting. The most reliable guarantee against the settling of old scores, however, is the prompt establishment of political arrangements enjoying broad popular support in Afghanistan. We call upon Moscow to move beyond vain efforts to broaden the base of the existing government and to support a genuine process of national reconciliation. The Pakistanis are prepared to support such a process. So, too, are we.

Pending the achievement of a settlement, of course, we will continue to support our friends. To the freedom fighters, we pledge our humanitarian assistance and other support. To the Pakistanis, we pledge our continuing aid to the refugees, our help in modernizing conventional defenses (particularly air defense), our political support for their territorial integrity, and our diplomatic support in promoting a settlement that takes into account the legitimate interests of all the parties. In so doing, we are not alone. Scores of other governments stand behind the resistance.

Promoting Nuclear Nonproliferation. Nuclear proliferation issues touch fundamental questions of national strategy and prestige; efforts to pursue them perforce are difficult and sensitive. Nonetheless, we have made nonproliferation a central feature of our policy concerns worldwide ever since World War II.

In the South Asian context, we have for many years encouraged both India and Pakistan to sign the Nonproliferation Treaty, to accept IAEA [International Atomic Energy Agency] full-scope safeguards, or to enter into binding regional nonproliferation arrangements. All these remain valid objectives. Our proximate aims also include, however, fortifying current constraints against the acquisition and testing of nuclear devices and obtaining reliable assurances that weapons-grade nuclear materials are not produced.

Some believe these goals can best be accomplished by adding new certification requirements to existing legislation on U.S. assistance to Pakistan and threatening a reduction or elimination of economic or security assistance if such conditions are not met. The Administration has resisted such an approach for the following reasons.

First, we believe that efforts to alter the conduct of proud and powerful nations through legislative *ultimata* that

are seen as discriminatory in character will be ineffective, if not counterproductive; we know from experience.

Second, reducing U.S. economic assistance and security support and compounding existing uncertainties about it continuity would only strengthen the hands of those who argue that reliance upon foreign support is inherently risky. This, in turn, could lend credence to the view that only an indigenous nuclear capability will assure an adequate deterrent over the long haul.

Thus, the Administration has opposed additional certification requirements. It has, however, accepted a 2-year waiver of the Symington amendment in lieu of the 6-year waiver passed in 1981 and a provision in the House and Senate bills that would set this waiver aside in the event India applies safeguards to its nuclear program and Pakistan does not.

This should not imply that we are complacent about the nuclear issue. The debate in Washington is not over objectives but means. The acid test of policy is in the results. The United States can claim some genuine successes in nonproliferation policies over the years. But we must continue to devote an all-out effort to the task. This subject will remain a central feature of our policy agenda with both Pakistan and India. We make no secret of our concerns. Indeed, our Ambassador in Islamabad, Deane Hinton, has underlined these concerns with a candor uncommon for a diplomat. We believe Pakistani leaders fully comprehend the seriousness with which we would regard illegal procurement of sensitive nuclear materials in our country, the testing of nuclear triggering devices, or the stockpiling of nuclear materials that could be readily converted to weapons. I need hardly add that they also understand that existing laws would compel a termination of U.S. assistance if they were to acquire or test a nuclear device.

While we have a facilitative role to play on this issue, the burden of a solution must rest on the countries in the region itself. They must work on a broad front to develop a pattern of reciprocal restraints and confidence-building measures; for, if a nuclear weapons competition develops, it is their security that will be diminished.

We have encouraged a regional dialogue on the nuclear issue, and we have seen some tentative steps in this direction. Pakistan has announced its willingness to sign the Nonproliferation Treaty, to accept full-scope safeguards to permit reciprocal inspections of its

nuclear facilities, to join a South Asian nuclear-free-zone agreement, and to contemplate other confidence-building measures if India is willing to follow suit simultaneously. These are welcome initiatives whose seriousness would be enforced by Pakistan's ratification of the Limited Test Ban Treaty—a step which India has already taken. The Indian authorities have tended to dismiss these Pakistani proposals as tactical ploys. Yet the ideas have merit, and if New Delhi is not prepared to embrace these initiatives, we would hope they would put forward alternative ideas of their own.

It is vital that the two countries work together in high-level discussions to develop an understanding of the mutual dangers that would result from a nuclear arms race. We thus urge Islamabad and New Delhi to complete a promising bilateral agreement not to attack one another's nuclear installations and to consider, as a step toward broader cooperation, an agreement not to acquire or test nuclear weapons. This, in short, is a time for measures that will assure mutual restraint and generate mutual confidence.

Bolstering Relations With India and Pakistan. The United States has, of course, limited influence on relations between Pakistan and India—and properly so. We have important but quite different interests in India and Pakistan. We do not equate the two; we value our relationship with each; and we resist any notion that our ties with India and Pakistan are a zero-sum game. The Reagan Administration's efforts to improve relations simultaneously with both Islamabad and New Delhi have demonstrated results; and they shall continue.

Since the unusually successful visit of Rajiv Gandhi to the United States in 1985, Indo-American relations have—quote the Prime Minister—improved tremendously. "Our trade with India has flourished; joint ventures have proliferated; and high-technology transfers have been promoted by streamlined export control procedures. We have spurred cooperation in the defense sector as well as in preventing Sikh terrorists from operating in the United States. Cultural ties have been solidified through the Festival of India, and the U.S.-India Fund has been established to support joint research and exchange programs. Our official dialogue on international political issues continues to mature. These developments reflect our hardened determination to build a very strong relationship.

With Pakistan as well, our cooperation has grown, and U.S.-Pakistani relations, as illustrated by Prime Minister Junejo's visit here last year, are strong, productive, and increasingly diverse. We have completed our initial long-term assistance effort and have negotiated another agreement that foresees the provision of roughly \$670 million annually for the next 6 years. We are continuing to supply substantial support to the Afghan refugees in Pakistan; we are working closely with Pakistan to cope with a growing narcotics problem; and we have supplied consistent support to Pakistan's efforts to promote a political resolution of the Afghan conflict.

The challenge of our policy is to improve ties with both countries in a way that will help New Delhi and Islamabad reduce tensions between themselves. Without intruding into their affairs, we have consistently encouraged them to address strains in their bilateral relations in a constructive way.

India continues to be concerned that Pakistan intends to use U.S. arms to strengthen its position against India. Our defense cooperation with Pakistan is designed to modernize its conventional defense capabilities in the light of Soviet pressures in Afghanistan. Our interest is for Pakistan to possess plausible conventional defense forces as an alternative to the nuclear option. It would serve neither our interest nor, I believe, Pakistan's to provide defense capabilities that could threaten India. But we are aware of Indian concerns. Without yielding a veto to anyone over our defense cooperation with Pakistan, our equipment sales will continue to focus on capabilities that respond to the immediate dangers to which Pakistan is exposed on its Afghan border and other modest and reasonable self-defense requirements. The immediate priority is upon augmented air defense capabilities in the light of stepped-up air attacks. We are urgently addressing recent requests for an airborne early warning platform.

Preserving National Integrity.

America's ability to reduce communal tensions in South Asia is extremely limited, yet we have worked closely with the states of the region on issues that affect their national integrity. On the question of Sikh violence, for example, the Federal Bureau of Investigation and other government agencies have joined with Indian officials to detect and apprehend terrorists before they act. This cooperation is necessarily quiet and unpublicized, but it is producing results.

Furthermore, we must continue to remind the Sri Lankan authorities that military solutions to the Tamil problem are unlikely to work—even as we urge the Tamil militants to recognize that terrorist tactics will only harden opposition to their political aspirations. We reiterate our call to all parties—particularly the Tamil militants—to come together to achieve a political solution within the framework of a united Sri Lanka. Thanks to the statesmanship of President Jayewardene and the constructive efforts of the Indian Government, considerable progress was made prior to the recent violent attacks. We hope that progress can be resumed, and we are prepared to help Sri Lanka rebuild after the violence subsides.

Advancing South Asian Regional Cooperation.

The South Asian Association for Regional Cooperation is, in our judgment, a flourishing concern. Its members have already identified 10 areas of cooperation, and the groundwork has been laid for specific projects. The long-range value of such ventures is that they build working relations. Over time, these will help reduce the distrust among countries of the region.

We offer our encouragement and our support. The President, in his message to the inaugural SAARC summit in Dhaka in 1985, applauded the foresight and initiative of its leaders and stated that the United States "stands ready to provide appropriate assistance at your request in launching programs of regional cooperation." Secretary Shultz, in hosting a luncheon for the SAARC Foreign Ministers in New York in 1986, repeated the President's offer. We particularly value the potential for cooperation on narcotics eradication, combating terrorism, and improving weather forecasting during the monsoon cycle. Although we do not want to push ourselves on the organization, we do stand ready to help if the countries of the region so desire. That is the stand we propose to take.

Conclusion

As this brief survey shows, the nations of South Asia face daunting problems. However, they possess considerable human and material resources, and we are pleased that—with the tragic exception of Afghanistan—they have made major strides in achieving stable and secure societies, able to meet the urgent needs of their people and to play responsible roles in the world community. We are proud to have assisted the states of South Asia in these efforts from their

earliest days as independent countries. It is, and has been, a cause worthy of our own heritage and our own interests.

If there is one thought I want to leave with you tonight, it is that we have tried—and will continue trying—to construct a durable and a balanced policy toward South Asia, one that reflects rather complex interests: the strategic independence of the subcontinent; nascent cooperation within the region; recognition of the great importance of India, as well as the legitimate needs of Pakistan and others for support and confidence in their security; recognition of the democratic legacy we share with most South Asian states; our deep concern about nuclear nonproliferation; and the bright prospects for expanded trade and growth through more market-oriented

economies; and our determination to rid ourselves of the scourge of drugs.

While we inevitably have our differences with South Asian countries on one issue or another, we believe that the fundamental interests of this country are in harmony with the aspirations of the South Asian nations. We seek no favored or dominant position for ourselves or bases for our forces; but we resist the efforts of others outside the region to threaten the lives and hopes of the more than 1 billion people who live there. It is for these reasons that I am optimistic about the future. I believe that the evolution of cooperation between the United States and the nations of South Asia will be recognized as one of the major accomplishments of the Reagan Administration. ■

The Spirit Behind the Monroe Doctrine

by Elliott Abrams

Prepared address before the James Monroe Freedom Award dinner at the Department of State on April 28, 1987. Mr. Abrams is Assistant Secretary for Inter-American Affairs.

I would like to thank the James Monroe Memorial Foundation on behalf of President and Mrs. Reagan, who regret that they could not be here tonight. I also thank you on behalf of the Department of State for your gracious loan of the portrait of President Monroe. It is fitting that the first public display of this historic work of art be in the State Department's Diplomatic Reception Rooms. For Monroe himself was not only a great president but a military hero during the Revolution and a diplomat who worked abroad to further the national interest of our new democracy.

Monroe the Revolutionary

When President Monroe enunciated what later became known as the Monroe Doctrine, Austria's Metternich called it "a new act of revolt. . . fully as audacious, no less dangerous than the former." The "former" Metternich was referring to was the American Revolution of 1776. Metternich was right. The Monroe Doctrine—like the Revolution—was dangerous. It was dangerous to the despotic European powers of that time who sought to expand their empire into the Western Hemisphere.

The doctrine was also audacious. Compared to the European superpowers of the time, the United States was weak—both economically and militarily. But we had a strength that Metternich and the rest of the continental elites—with rare exceptions—did not understand. That is the strength all free people have when they defend their nation and their ideals against the impositions of a foreign power.

This point is sometimes overlooked by those who focus on the importance of the British Navy to the doctrine's enforcement. Effective diplomacy does require power. And though nowadays some people seem to forget that more often than I would wish, the point I wish to stress here is that diplomacy also requires ideas. And the idea behind the Monroe Doctrine is not one to be overlooked.

Monroe's vision was not rooted in the European tradition of power politics. The Monroe Doctrine was not an attempt to substitute one form of colonialism for another. The new, emerging United States was opposed to colonialism in principle, not just to European colonialism. The year 1776 had given political life to the ideal of human rights and democracy. This uniquely powerful ideal was as natural as the fundamental aspiration for the rugged but unshaped societies of the New World. Just a few years ago, in a famous phrase in its charter, the Organization of American States captured the essence of this ideal, without which the Monroe Doctrine could never have existed: "The mission of America is to offer man a land of liberty."

The reference here is to all America—the entire New World, not just to the United States. So strong was the appeal of freedom that, by the time Monroe spoke in 1823, the rest of the Western Hemisphere was already caught up in the struggle for freedom. Inspired by the democratic doctrines projected by the American and French Revolutions, Latin American patriots had risen up to throw off the shackles of European colonialism.

But colonialism was not dying easily. Tupac Amaru had rebelled in Peru in 1780. By 1823, the battle of Ayacucho that was to mark the end of Spanish rule in South America was still a year away; full-fledged wars of independence had been underway throughout Spanish America for more than a decade. The struggle was proving long and costly. And there were fears that the European powers would seek to reimpose colonial rule even if they lost.

The new United States was militaril and economically weak, but the emerging states to its south were even weaker. Colonialism had created a social and economic order dependent on Europe. War had drained their resources. The Latin American states would have been unable to defend themselves against a concerted effort on the part of outside powers to again carve up the region. Once Great Britain accepted it, therefore, the Monroe Doctrine gave the new Latin American states both the moral support and the time they needed to consolidate their paths to independence.

Is the Monroe Doctrine Still Relevant

As the 19th century progressed, fears that the European powers would look for opportunities to reimpose colonialism turned out to be real enough. The British took advantage of their naval power to preserve their Caribbean colonies and to reassert their claims to the Falklands. In the 1860s, when civil war caused the United States to turn its attention and military resources inward, France briefly imposed a colonial government in Mexico and Spain tried to reassert its claim to Peru.

With the new century, however, a new question began to be posed. In the minds of many, the United States had replaced Europe as a potential colonial threat. The Roosevelt corollary sought to justify the use of U.S. military force. Had the Monroe Doctrine simply become a pretext for the imposition of U.S. hegemony in the Western Hemisphere?

Historians differ about the economic and political motivations for the use of U.S. Marines to intervene in Latin

merica in the early part of this century. At least in some countries, however—and it is hard to keep from thinking of Nicaragua or Haiti—the long-term prospects for democracy were certainly not enhanced. And this, in turn, weakened the legitimacy of the doctrine.

And so it has been commonplace for years to hear that the Monroe Doctrine is an anachronism. And, of course, it is true that the geopolitical context has changed entirely.

Latin America has changed. The countries of Latin America are no longer so weak. Some, like Brazil, are world economic powers. All have strong aspirations.

Western Europe has changed. Its governments are democratic, not despotic, and their interests in Latin America are similar to ours. They want to play a positive, constructive role in Latin America: to build trade and commercial relations with Latin Americans and to help the Latin Americans establish and strengthen democratic political and free market economic institutions.

In fact, the United States has changed, too. The current political and ethical climate in the United States makes it dif-

ficult for a president to use U.S. troops in a foreign country without being able to demonstrate a clear and direct threat to the United States or its vital interests. Additionally, there is a growing recognition that the best first line of defense against outside threats is not an outside protector like the United States but the existence of strong, viable democracies in Latin America.

The Soviet Challenge

Does this mean that the Monroe Doctrine is now irrelevant and anachronistic? No, for there is still one European power whose intentions toward Latin America are not benign, indeed, a power that seeks to implant its alien system in the Americas.

The czars are gone, but their despotism and colonialist impulses live on in the Soviet Government today. Czarist despotism was overthrown only to be replaced by the much more thorough tyranny of the Soviets, who unhappily have vastly more resources than their predecessors—and vastly more interest now in Latin America.

In the last decade, the Soviet Union has developed a diplomatic, cultural, media, or military presence in every South American country except Chile and Paraguay. They have invested heavily in bringing young Latin Americans to the Soviet Union. In 1979, less than 3,000 Latin American and Caribbean students were studying in the U.S.S.R.; by 1985, that figure had increased to over 9,000. The Soviets have sold modern military jet fighter-bombers, tanks, and missiles to Peru, whose armed forces have become increasingly dependent on Soviet technology. And the Soviet Union has expanded its commercial activities. Soviet purchases of grain from Argentina made it that country's largest export customer during 1980-85.

Not all of the Soviet Union's activities have been as subtle and in keeping with the accepted norms of international relations. We know, and we believe most Latin Americans also realize, that one must deal with the Soviets with both eyes open. That the Soviets are using orthodox diplomacy in some of their dealings with Latin American countries does not mean they have abandoned their support of terrorism or subversion when it suits them.

Monroe Portrait Unveiled

Secretary Shultz

Excerpts from remarks made on the occasion of the unveiling of the Monroe portrait at the James Monroe Memorial Foundation birthday reception and anniversary dinner at the Department of State on April 28, 1987.¹

... Since the American Revolution, this hemisphere has stood for something—for opportunity, for the chance to start over, for tolerance, for freedom to choose one's own leaders and way of life. Realities have often fallen tragically short of these ideals, but the vision and principles contained in the Monroe Doctrine remain the standard for U.S. policy in this hemisphere.

Over the years, the United States has defended that standard against alien powers which sought a foothold in the Americas. In President Monroe's day, this country responded to the threat that the Holy Alliance would reestablish monarchies in countries that had

declared their independence of Spain and Portugal. Later Presidents, too, would deter aggressors seeking weaknesses here, from the imperialists of the 1800s to the Nazis and communists of our own century.

... Since 1824 we have refused to leave our neighbors at the mercy of alien powers and would-be tyrants. To abandon them now would violate our principles and do violence to our own interests. Instead we must hold fast to the policy that bears Monroe's name, a policy that is particularly responsible for the security and relative freedom that most of the peoples of this hemisphere enjoy today. May this portrait of Monroe continue to remind us of the role he envisaged for our country and of our obligations to confront the strategic and moral challenges of our own day.

¹For full text, see press release 94 of April 29, 1987. ■



This portrait of James Monroe, by Rembrandt Peale, is on loan to the Department of State from Mary Washington College.

(Dept. of State photo by Ann Thomas)

In August of 1986, Chilean authorities uncovered huge hidden arms stockpiles—guns and grenades sufficient to support a guerrilla force of at least 3,000. The type and quantities of weapons found could only have been provided by the Soviet bloc. Because South America is now overwhelmingly democratic, the Soviets probably decided they could afford to support violence against the Pinochet government without harming diplomatic efforts elsewhere. In fact, of course, the Soviets strengthened General Pinochet. By making it clear that the communist threat was real, the Soviets weakened Chile's democrats and created additional difficulties for the efforts of the Latin American, European, and U.S. democratic communities to encourage a peaceful transition to democracy in Chile.

The fact is that Soviet interests in this hemisphere are as antithetical to democracy as were those of the czars in the times of James Monroe. For over a quarter of this century, the most tangible example of the Soviet presence in our hemisphere has been in Cuba. The Soviets have helped Castro turn that unhappy land into a bankrupt but heavily militarized island fortress.

Is Castro, with his repressive political system and dependence on an outside power for economic subsidies and military protection, any less a functionary of a foreign power than the viceroys of Spanish colonial days?

Cuba is a good example of the aggressive nature of the new colonialism. Cuban troops have lost their lives fighting in Africa for causes that are of benefit to the Soviet Union, not to Cuba or Latin America. Castro has been an apologist for the Soviets in many international fora. From Castro's earliest days, Cuba has been a conduit for support for Latin American insurgents.

Now, another country, Nicaragua, is on the way to being turned over to the Soviet Union by its rulers. A people who sacrificed so much to attain liberty in 1979 saw their revolution betrayed and now see a communist group using Soviet arms and advisers to impose communism in their country. Small wonder Nicaraguans are fighting back, and small wonder our President has said, "Yes, we will help their fight."

In Nicaragua the Soviet presence already is quite visible in the form of Soviet-made tanks, helicopter gunships, and other weapons. The U.S.S.R. poured in half-a-billion dollars in military aid last year alone. We do not believe they are bolstering the Sandinistas out of some sudden benevolent impulse.

Much of the threat to U.S. interests posed by the presence of Soviet client states in the hemisphere is obvious. The more the United States is forced to concentrate its attention and resources on Latin America, the more the Soviets would benefit in having greater freedom of action in other parts of the world. Already, Cuba's proximity to vital sealanes in the Gulf of Mexico and the Caribbean means that U.S. defense planning in the event of hostilities has been seriously complicated.

The more immediate threat, however, is not to the United States but to Latin America's democracies. Cuba and Nicaragua both support insurgent groups in democratic countries. This support goes far beyond rhetorical expressions of revolutionary solidarity to include providing the insurgents with arms and ammunition, training, safe haven, and propaganda. The Soviets' claim that they have nothing to do with the actions of their client states is supreme cynicism. It certainly did not prevent Soviet Army Chief of Staff Ogarkov from boasting 4 years ago that "... over two decades ago, there was only Cuba in Latin America, today there are Nicaragua, Grenada, and a serious battle is going on in El Salvador."

Of course, Grenada no longer counts itself among this group. On October 23, 1983, less than 8 months after Ogarkov's statement, Grenada's leadership has brought on such a bloody state of anarchy that the Organization of Eastern Caribbean States felt compelled to request formally that the United States and other Caribbean states help them restore order there. Two days later, a combined U.S.-Caribbean force landed on the island—to the great relief of the vast majority of Grenadians. All U.S. combat troops were withdrawn by December 15, 1983. And, on December 3, 1984, 84% of the voters turned out to vote in Grenada's first parliamentary elections since 1976.

The United States does not seek to prevent the nations of this hemisphere from dealing with the Soviet Union. There are many risks inherent in such relations, but it would violate the very intent of the Monroe Doctrine to believe that the Latin American nations are not free to carry on diplomatic and commercial relations with whomever they please. The Monroe Doctrine affirms the freedom and the right of sovereign states to make their own choices without outside interference. If General Secretary Gorbachev is invited to visit the Americas, so be it. He will learn something from Latin America. He will have the chance to see the thirst for liberty that charac-

terizes Latin America today. And he will see that the Soviet economic model and the Soviet political model have been thrown on the dustbin of history by free peoples seeking to maintain democracy and economic growth.

The Democratic Response

There are still areas of the world—some of them in Latin America—where the possibilities for economic and social improvement through honest work so taken for granted here do not exist. Insurgents, terrorists, and dogmatic Marxist politicians have sought to exploit the legitimate grievances of people cut off from hope. They have played on the justifiable outrage against inflexible and repressive social, political, and economic systems to build support for their revolutions, which in the end will produce a system more repressive than the one replaced.

The emergence of guerrilla groups supported by an outside power represent a different type of threat to the hemisphere than that faced in the 1820s. In the 19th century, the threat to Latin America's nascent states was from the reimposition of colonialist rule through direct military intervention by a European power. That threat was easily recognized and could be dealt with using established military or diplomatic methods.

The threat from subversion, especially subversion supported by an outside power for its own political ends, is less easily recognizable. The long history of revolutionary violence in many Latin American countries makes the presence of external support for political violence less noticeable, especially in its early stages. Subversives often try to hide their foreign ties and legitimize themselves by claiming the mantle of a nationalist hero; that is what the communists in Nicaragua call them selves Sandinistas. Whenever dominant power groups equate reform movement with communist plots, they also make it easier to disregard evidence of the involvement of the Soviets or their clients.

Guerrilla wars and other violent threats cannot be countered without the use of some force, but they are also not likely to be ended by military means alone. Without a change in the social, political, and economic conditions that spawned the insurgencies, any purely military solution would prove temporary. That is why the objective of U.S. foreign policy is to eliminate the social and economic conditions that contribute to violence and social protest. While public attention has focused on the shooting, the United

tates has quietly spent three times more resources on health, education, and economic survival and development in Central America than on military assistance. In fact, thanks to our help, the guerrilla-plagued democracies have made more progress toward meeting the economic, political, and social needs of their people than either Nicaragua or Cuba.

But if the reigning intellectual orthodoxies that promote stagnation and injustice persist unaltered, then even improvements in material conditions will not be enough. And U.S. efforts alone are surely not enough. There has to be a commitment by the Latin American states which are fighting insurgents both to prosecute the war effectively without violating the rights of civilians and to institute the economic and institutional reforms necessary to allow the integration of disaffected members of the population fully into the society.

Those who wish to protect their privileged position in a social and economic order that is no longer viable are also enemies of democracy. To people caught in such situations, all change—social, political, or economic—becomes a threat. Sometimes calling themselves democrats, and invariably wrapping themselves in the mantle of anticommunism, they seek to impose a despotism that is more indigenous than Marxism but is no less at odds with the spirit of the Monroe Doctrine.

The Monroe Doctrine rejects despotism and repression, whether it be justified in the name of communism or in the name of anticommunism. Monroe and his revolutionary compatriots realized that democracy and individual liberty were unique promises of the New World. Our Founding Fathers' ideals may have had their roots in the philosophies of the ancient Greeks and Enlightenment thinkers, but the establishment of strong lasting democracy was a New World phenomenon—really a phenomenon of all Americans in the broadest sense.

Today democracy and the ideal of liberty are again on the march. Democracy has traveled from America to the old World and back again. Western Europe has adopted and adapted democracy, which in recent decades has overthrown the last military governments: Spain, Portugal, Greece, and Turkey. Democracy is taking hold in varied societies in Asia, just as it did decades ago in Japan. And in this hemisphere about 90% of all Latin Americans now live in democratic countries, more than ever before.

Conclusion

I would like to leave you with one final thought. When James Monroe formulated his doctrine, the United States was weak economically and weak militarily. But it made up for those weaknesses with the power of ideas. Today the United States is strong economically and strong militarily. But still today our greatest strength lies in the fact that we are the homeland of liberty. This is what Monroe understood and what he asked

our nation to protect by trying to protect the Americas from the old, alien despotism of other continents.

Today, as in his day, we are called upon to face up to the threat, to protect our own freedom, and to help our neighbors protect theirs. If we understand what Monroe saw a century and a half ago, if we are true to our ideals and our history, we will meet this test as he met those of his day. And the Americas will remain free. ■

Central America: What Are the Alternatives

by Elliott Abrams

Address before the University of Kansas in Lawrence on April 21, 1987. Mr. Abrams is Assistant Secretary for Inter-American Affairs.

Whether you date it from the spring 1977 assassination of El Salvador's moderate Foreign Minister by leftist thugs or from the January 1978 assassination of Nicaragua's greatest journalist by rightist thugs, the Central American crisis is now about a decade old.

So it should be possible to step back for a moment from the headlines and look at the fundamentals of our policy—the history, the people, our interests, and what we expect to achieve. As you will see, my fundamental prescription has implications that reach even beyond this hemisphere. But I would like to start by focusing on Nicaragua.

The History

In 1979, the dictator Somoza fled into exile to the rejoicing of an overwhelming majority of Nicaraguans and of free men and women everywhere.

The people of Nicaragua are not the first in our time to overthrow an unpopular tyrant in the name of freedom.

The people of Nicaragua are also not the first to see their hopes for freedom—hopes they had entrusted to a coalition government—dashed by a minority relying on armed force to impose a partisan agenda. Similar tragedies took place throughout Eastern Europe after World War II. In just a few years after the Allied victory over Hitler, coalition governments which were to bring democracy were subverted by communist minorities.

The recipe for the takeovers was simple and efficient. The communist minorities started by gaining control over the interior ministries and the secret police. Using "salami tactics" to slice off the opposition bit by bit, they were then in a position to censor newspapers and radio stations, harass the church, arrest democratic political activists, and rig elections. Before long the coalition governments were replaced by dictatorships loyal to Moscow. The tragic result is the division of Europe that still exists today—a split that denies freedom to millions of Europeans and threatens the security of our allies.

The imposition of communist rule in Eastern Europe did not take place without a reaction. In Hungary in 1956, a strong popular uprising threatened to replace the pro-Soviet government with an independent one, but the people were brutally suppressed by the Red Army. Hungary's spirit of freedom could not be killed, but it had to yield to the power of Soviet tanks.

In 1957, a young Nicaraguan communist named Carlos Fonseca went to Moscow. He was so enraptured that he returned to Nicaragua and wrote a book about his experience: *A Nicaraguan in Moscow*. Fonseca's book did not dwell on the Stalinist past or on Soviet brutality in Hungary just months before his visit. Instead, Fonseca wrote a gushing appraisal of the Soviet economic system. "Now," he wrote, "the answer is the state."

In 1959, a young Cuban, Fidel Castro, took power in his country. He did not take power as a communist. His revolution against tyranny was advertised to Cuba and the world as democratic. And it seemed democratic; it

included many democrats in leadership positions, and Fidel's rhetoric was mild. The revolution only succeeded because it attracted broad middle class support. But Castro's actions in power were brutal; he jailed and executed his opponents in large numbers. Even veterans of his guerrilla war were jailed when they spoke up against the emerging dictatorship. "All criticism is opposition; all opposition is counterrevolutionary," Castro explained.

The Cuban people saw their hopes for freedom dashed by a new tyrant who elevated repression to new heights. But for Tomas Borge, a second young Nicaraguan communist, it was "a flash of light that shone beyond the simple and boring dogmas of the time." Today Borge is in charge of the secret police in communist Nicaragua.

In 1961, with Castro's help, Tomas Borge and Carlos Fonseca joined to found the National Liberation Front—the party that runs Nicaragua today. At the last minute, worried that calling themselves a pure and simple "liberation front" would give away their communist allegiances, they added the word "Sandinista" to make themselves sound nationalist. Borge, Fonseca, and their comrades robbed banks and businesses to fund their movement, they argued endlessly over strategy, and they harassed the National Guard's forces in sporadic shootouts in the countryside. Fonseca was killed in one such battle in 1976. Lacking popular support, their revolution was stuck in the mud, even against an unpopular dictator.

This changed one morning in January 1978. A national hero who had fought against the Somoza dictatorship with both pen and sword, the newspaper editor Pedro Joaquin Chamorro, was murdered in Managua while on his way to work. Chamorro's newspaper, *La Prensa*, was the main outlet for opposition to Somoza. Chamorro's death galvanized the Nicaraguan people; it transformed scattered unrest into powerful national sentiment against Somoza.

The Sandinistas saw their chance. They played down and then concealed their communist beliefs. They forged alliances with Nicaraguan businessmen, unionists, and democrats generally. By July of 1979, the Somoza dictatorship dissolved under the combined pressure of Nicaraguan revulsion and international condemnation. A broad coalition government came to power, promising democracy, a mixed economy, and an independent policy of nonalignment in

world affairs. Well-known democrats like Alfonso Robelo and Arturo Cruz and Violeta Chamorro, Pedro Joaquin's widow, were in the new government. This was a period of hope.

But Nicaragua was about to play out the same sad drama that occurred in Cuba, Hungary, and Czechoslovakia. Over the next 2 years, the democrats were forced out by communists who controlled the secret police, the armed forces, and the propaganda apparatus.

Nicaraguans had fought for freedom, but they got a new dictatorship; they had fought for independence but instead found themselves depending on the Soviet Union, with so-called advisers from Cuba and East Germany in charge. As for the Sandinistas, they were soon standing shoulder to shoulder with communists the world over, from Cuba to Bulgaria, opposing the Solidarity labor movement in Poland and supporting Soviet crimes in Afghanistan.

Today the Sandinistas are hard at work cementing their dictatorship. The Sandinista police are silencing voices of opposition throughout the country. So-called Sandinista Defense Committees operate in every neighborhood, watching the movements of citizens and enforcing politically correct behavior. These block committees can punish dissent by turning people in to the police or by taking away the ration cards people need to obtain the staples of daily life.

The Sandinistas draft Nicaraguan youth into the largest army in Central America. But it is not the Nicaraguan national army, it is the Sandinista party army. There is no such thing as conscientious objection. There is no such thing as free expression, either: *La Prensa*, is closed. The Catholic Church radio station is closed. Were it not for radio and television from outside the country, Nicaraguans would get their only news from the Sandinista press, Sandinista radio, and Sandinista television. Farmers and businesses cannot set prices, move capital, or buy equipment without the state's permission. The "salami tactics" that brought dictatorship to Eastern Europe in the 1940s are being put to work in Managua today.

Nicaragua, in short, is beginning to look less and less like a part of Latin America and more and more like the Soviet Union which Carlos Fonseca so admired three decades ago. And as in Eastern Europe, communist repression has given rise to a powerful reaction. Denied self-determination, 20,000 Nicaraguans have taken up arms to fight for the freedom they thought they had won in 1979 when they got rid of the old dictatorship.

Why Central America Matters to the United States

Why should their fight matter to the United States? Why should we care who happens in Central America?

Let us start with doing what is right. The thousands of Nicaraguans who resist the Sandinistas, whether in the civic opposition or in armed rebellion, are defending the sacred rights of the individual that we Americans have fought and died for ever since we won our own independence. They are fighting for our values, for democracy and independence. We have every moral right to help people free themselves from repressive rule.

But there is a second case to be made; it concerns our security. The Nicaraguan resistance is fighting for Nicaragua's freedom and Nicaragua's independence, but their success will serve our security interest as well. We owe it to ourselves, and to future generations of Americans, to help them succeed.

The challenge to American security in Nicaragua is not yet a direct one. Rather, it is indirect and building only gradually. But it is, nonetheless, a serious challenge with many dimensions.

The first part of the threat is Sandinista subversion of our friends and allies in this hemisphere. The Sandinistas have said openly that their revolution reaches beyond Nicaragua's borders. Just as Cuba became a base for terror and subversion, the Sandinistas have helped other violent radicals throughout Central America and even in South America and the Caribbean. The headquarters of the Salvadoran communist guerrillas remains in Managua. Sandinista aid to South American guerrilla continues. Communist subversion of Latin America's new democracies is a fact.

The second part of the threat is that the Sandinistas will permit their territory to become a base for the projection of Soviet military power. Again, Cuba is an example. Castro's military relations with the Soviets were slow to develop, but they have developed steadily. And they have developed in spite of the Kennedy-Khrushchev agreements that ended the missile crisis. Today Cuba is an important base for the Soviet military. Soviet aircraft patrol our Atlantic coast from Cuban bases. Soviet submarines call regularly at Cuban ports. A huge Soviet espionage facility in Cuba, the largest in the world outside the U.S.S.R., intercepts U.S. military and civilian communications. The Soviet

se tens of thousands of Cuban troops to fight their battles in Africa. Cuban soldiers are fighting and dying in defense of the communist dictatorship in Nicaragua.

Will Nicaragua follow this Cuban pattern? The Soviets are certainly investing in Nicaragua's future. They supply all of Nicaragua's oil, and they shipped more military supplies to Nicaragua during 1986 than in any previous year—23,000 tons, worth \$500 million. The Sandinistas have built an airbase with a runway longer than necessary for any plane in their air force inventory but which can serve any aircraft in the Soviet inventory. From this base, the Soviets could patrol our west coast—a new capability Cuba does not give them.

From a geostrategic perspective, the bottom line is simple: the Sandinistas offer the Soviets an opportunity to project Soviet power on the American mainland and in the Caribbean basin. The Soviets know that if they can bring new military bases or political instability to this area, they can divert our attention and our defense resources from other parts of the globe. This would directly reduce our capacity to defend NATO or other Western interests, and it would represent a major Soviet strategic success.

To defend our interests against this new challenge, we are moving to support the development of democratic governments in Central America and throughout the hemisphere. Democracies do not force their citizens to revolt against them. Democracies do not attack or subvert their neighbors. And there is still another, even more critical fact: the dictator Castro was preceded by the dictator Batista. The dictator Ortega was preceded by the dictator Somoza. The wing of the pendulum to the antidemocratic right sets up the swing to the antidemocratic left. The time has come to do something to stop the swing of the pendulum before it begins. The time has come to strengthen democratic political forces against all extremes, of the right as well as the left.

And that is what the United States has been doing, often without much credit, for two administrations. Under President Carter, support for human rights was the guiding principle. Under President Reagan, the emphasis has broadened to support for democratic principles and procedures in general. But one common thread has held American policy together over the last 10 years: throughout Latin America,

military governments and dictatorships know that they cannot claim the support of the United States.

When Argentine military officers mutinied against President Alfonsín last week, the one charge no one made was that they had U.S. support. In fact, the U.S. Embassy, the Department of State, and the White House all publicly supported President Alfonsín and the constitution from the very start. And Argentina today is the rule, not the exception. Argentine generals who once thought they were above the law have been replaced by an elected civilian; so have the Salvadoran generals—and the Uruguayan, the Brazilian, and the Bolivian. Even Haiti is taking the first steps toward democracy after Duvalier. The only survivors of the once militant authoritarianism of the right are the Governments of Chile and Paraguay. And U.S. policy seeks a transition to democracy in both countries.

In Central America 10 years ago, Costa Rica was the only democracy. Today, new civilian-led democracies have emerged in Guatemala, El Salvador, and Honduras. Nicaragua's communist dictatorship is the exception, the only country in the region where the president wears a military uniform.

A secure future for Central America—a future of freedom, peace, and development—depends on bringing democracy to Nicaragua. As long as the Sandinista dictatorship lasts, it will continue to produce repression and conflict at home and subversion abroad. And that's what Nicaragua's civil war is all about: democratic political change. The change could take many forms. It could take the form of overthrow. It could take the form of internal collapse. It could take the form of power-sharing by negotiated formula. It could take the form of restored political rights and freedoms accompanied by an end to the Sandinista monopoly over the security forces. It could combine elements of all the above. But one thing is certain: it must be the product of Nicaraguans agreeing among themselves to create the democracy they glimpsed in 1979.

The Nicaraguan church, the civic opposition, the armed resistance, the Contadora nations, and the Central American democracies have all called for a dialogue among Nicaraguans to bring peace and freedom to Nicaragua. But the Sandinistas refuse to negotiate. Democracy need not be brought by war; a negotiated settlement could work if the Sandinistas would open the political system to the many different groups of Nicaraguans they have driven into

opposition. But until the Sandinistas keep those promises, there will be no peace because the Nicaraguan people will keep on fighting. Their cause is just. And as long as they fight for that cause, the policy of the United States must be to support them.

Containment as an Alternative

Some propose that the United States reverse course in Central America and end support for the Nicaraguan democratic resistance. The basic idea is this:

- Stop supporting the resistance fighters, disband them, and treat them as refugees;
- In return, try to get an agreement with the Sandinistas in which they agree to stop subverting other countries and break their ties to the Soviet bloc;
- Increase aid to the Central American democracies;
- Deal with the political question—how to get freedom in Nicaragua—later, if at all.

Some of those who call for this change in course expect that if the pressure is removed from the Sandinistas, then the Sandinistas will ease their repression at home and stop their subversion of neighboring democracies. I believe this is a complete misreading of history.

Others are simply resigned to the inevitability of an unfree Nicaragua throughout our lifetimes and beyond. This is short-sighted defeatism that poses serious long-term dangers.

If we end our support for the resistance, three important results would follow immediately.

First, the U.S. policy which won bipartisan congressional support in the fall of 1986 would be reversed less than 1 year later. The policy would be reversed, not on the merits, not because the policy itself failed, but because of a scandal in the United States. People in Central America would not count on us to sustain any policy for more than 6 months at a time. They would be right.

Second, our policy to promote freedom in Nicaragua would be to hope for the best. This is a retreat even from the Contadora objectives, which call for settlements reached through internal dialogue and establishing democracy.

Third, refugees would flee an assured communist future—droves of refugees. Salvadoran and Guatemalan refugees have begun to return to their

countries. But about a quarter million Nicaraguans have left their country since the Sandinistas took over. These would abandon all hope of return. We can only guess at the dimensions of the new wave that would surely join them. But remember that a million refugees have fled communist Cuba—an island. Nicaragua is not an island.

So that sets the context. Central America would be shaken by the realization that communism was in Nicaragua to stay. And our own next moves would be made as a nation whose reliability is doubted and whose spirit is depleted. Consider the following chain of events.

- With the contras cut off, the Sandinistas would be free to devote their resources and attention to the task of subversion.

- The top priority issue for the Governments of Honduras, Costa Rica, El Salvador, and Guatemala would shift from democratic development to renewed fear for security.

- As the moderates lose U.S. support, the extreme right would reassert itself in preparation for a strengthened communist left.

- Communist guerrillas would get a shot in the arm: psychologically, because of our retreat and materially, from the Soviet bloc, including Cuba and Nicaragua.

- The result of this renewed polarization between extremes of left and right would be increased violence. A resurgence of the military would be inevitable; coups might follow.

- Faced with military governments and a reversal of the democratic progress so painfully earned in these recent years of cooperation with Central America, the U.S. Congress would withdraw its support and cut aid to Central America.

This scenario suggests that to abandon the resistance is to follow a recipe for certain disaster in the region within 2 years. It is to hand the Sandinistas their principal strategic objective without further effort on their part and to make it impossible to sustain the progress achieved in the rest of the region.

Some say this scenario is too extreme. They agree that without political change in Managua, the only alternative becomes containment in some form. But they argue that we should support an agreement with the Sandinistas limited to security matters and that we should at the same time increase measures to protect Nicaragua's neighbors. Militarized borders, garrison states, and increasingly militarized countries would become the norm in a region where we are trying to build democracy and reduce the relative weight of the military in national affairs. It would cost a great deal of money. But, its proponents say, it would save lives and bring peace.

The problem with this approach is that this would probably not even produce stalemate. Containment in Central American conditions would be an extraordinarily expensive way of solving nothing.

An agreement calling for political change—elections, free press, freedom assembly—would be easy to verify. But how would we verify an agreement on security issues only? Consider that the immediate threat is not a massive cross border invasion, nor is it the sudden emplacement of Soviet strategic forces both of which could be observed. Rather it is in actions that are unobservable even by thousands of border guards—a few dozen guerrillas trained in Nicaragua, a few dozen infiltrated into other countries; vehicles and boats carrying hidden weapons and explosives; Cubans remaining behind in military, political, and intelligence roles; a gradual buildup of conventional forces helping to screen and defend the export of violence to neighboring countries.

Pan American Day and Week, 1987

PROCLAMATION 5629,
APR. 9, 1987¹

The nations of the Americas enjoy a rich cultural and historical diversity, yet are bound together by a common dedication to the principles of democracy; to respect for the rights of the individual; and to the opportunity to enjoy creative, productive, and prosperous lives. Pan American Day each year has served to remind us of these mutual goals.

The Organization of American States is the forum in which our governments labor to make these ideals and aspirations a reality in our daily lives. For decades, the Inter-American System has been utilized across a broad range of common concerns: to maintain the peace throughout this Hemisphere; to encourage both political and economic freedom for every citizen; to promote development and provide opportunity for both men and women, of all races and all creeds; and to defend the human rights of all against repression and threats to their dignity.

The Organization has a truly remarkable record as a defender, and a beacon, for all peoples whose rights have been trampled upon and denied, especially for the peoples of this Hemisphere. It has now taken up the challenge against yet another menace—drug abuse and trafficking—that threatens the future of our children, the well-being of our peoples, and even the stability of our governments. The newly created Drug Abuse Control Commission offers a common meeting place where all of us can join forces to defeat this latest enemy to freedom and democracy.

On September 2 of this year, the nations of the Americas will celebrate the fortieth anniversary of the signing of the Inter-American Treaty of Reciprocal Assistance, in which they pledged to preserve their security.

This Rio Treaty, born of the totalitarian threat to the region before and during World War II, has been strengthened ever since by resolute defense, against repeated attacks, of our common determination that this Hemisphere shall be a land of liberty.

This is a time when the vision of democracy and freedom in all our countries, to which we are committed in the Charter of our Organization, shines forth as never before. So Pan American Day of 1987 is an especially welcome occasion for the people of the United States of America to extend a warm and fraternal hand to our neighbors in the Americas. We renew our commitment to the spirit of hemispheric solidarity, to the purposes of the Inter-American States as the embodiment of our high aspirations for this Hemisphere.

NOW, THEREFORE, I, RONALD REAGAN,

President of the United States of America, by virtue of the authority vested in me by the Constitution and laws of the United States, do hereby proclaim Tuesday, April 14, 1987, as Pan American Day, and the week of April 12 through April 18, 1987, as Pan American Week. I urge the Governors of the fifty States, and the Governor of the Commonwealth of Puerto Rico, and officials of other areas under the flag of the United States of America to honor these observances with appropriate activities and ceremonies.

IN WITNESS WHEREOF, I have hereunto set my hand this ninth day of April, in the year of our Lord nineteen hundred and eighty-seven, and of the Independence of the United States of America the two hundred and eleventh.

RONALD REAGAN

¹Text from Weekly Compilation of Presidential Documents of Apr. 20, 1987. ■

If one observes a violation, how will we respond? First we will argue about it; then the event we decide to act, the choice is between direct action on our part or no reaction at all. The Nicaraguans who had been fighting to free Nicaragua from the Soviet bloc will have long since been disbanded.

Nor would containment lead to freedom inside Nicaragua. Quite the contrary: for the Sandinistas there would be no more use for the pretense of freedom, no more use for even a weakened internal opposition. *Comandante Bayardo Prera* says these vestiges of the old order are needed "for display purposes." The need for display would be gone. All hope for human rights in Nicaragua would be lost.

We do not have to face a choice between direct U.S. intervention and containment. An alternative is available. It is to follow our current policy, to continue to help the thousands of Nicaraguans who are fighting to bring democracy to their nation. Freedom may not come in a few months; it may not come this year, but it will come. One day the Nicaraguan democratic resistance will be so strong that the Sandinistas will face a choice: to live up to their democratic promises or yield to a movement that will end their dictatorship and put more representative leaders in charge.

Why Our Policy Will Work

Let me explain why we should be confident our policy will work—why we need not retreat to the illusions and defeatism of containment.

First is the power of ideas and values. Ideas still matter in this world. Freedom, nation, land, church, and family—these are powerful ideas in Central America, and they are all on the side of the Nicaraguan resistance. The Sandinistas win no loyalty when they close *La Prensa*, when they push communist doctrine, confiscate farms, persecute the church, or mortgage the nation's future to the Soviet bloc.

Second, the resistance is a political alternative that embodies Nicaragua's national values and is worthy of support. Time and again its various groups have issued political programs that explain the terms under which they are prepared to negotiate, the way a transition to democracy can be made, and the rights that will be guaranteed in a democratic Nicaragua. The strong debate now occurring in the resistance is a sign of strength, not weakness. It is precisely the debate that would be happening in Managua right now—if the Sandinistas

would allow it. Only the dictators and the would-be dictators are absent from the discussion.

Third, the resistance has a powerful new means to tell its story to the Nicaraguan people. In January, *Radio Liberacion* began broadcasting to Nicaragua. It is a new and welcome source of information for a people weary of government propaganda. In an atmosphere of repression, it calls for democracy. Amid the tensions of war, it carries a message of hope and reconciliation. The Sandinistas are so insecure in their own political position that they are doing all they can, including jamming, to stop people from listening to *Radio Liberacion*. As happens elsewhere in the Soviet bloc, the more the government complains, the more people will listen.

Fourth, renewed American military aid has helped the resistance to counter the Sandinistas' Soviet guns. We are training troops, and supplies are flowing. The resistance has more than doubled the number of fighters inside Nicaragua since late last year. These fighters are throughout the country, increasing the pressure on the Sandinistas and showing the people that the current dictatorship, like the previous one, is not invincible.

Fifth, our support is steady. Some assume that because of the Iran controversy Congress is about to cut off aid to the resistance. As someone who talks to Congress day in and day out, I suspect this is wrong. Members of Congress know that our country has important interests at stake in Central America. I believe that when they consider the alternatives, they will realize that in the absence of a decent settlement that brings democracy to Nicaragua, a policy that abandons the resistance would amount to a sellout that leaves the future of Central America in Soviet hands.

Sixth, the resistance benefits from increasing international disillusionment with the Sandinistas. More and more, the world is understanding the true nature of the Sandinista dictatorship. The Sandinistas' political fortunes cannot long survive the stark contrast between Central American democracy and Sandinista dictatorship.

Lastly, the Nicaraguan democratic resistance has an important ally in geography. Cuban military advisers are critical to the effectiveness of the Sandinista army. But unlike Eastern Europe, when the Sandinista *comandantes* reach the breaking point, there will be no Soviet tanks and no Soviet troops there to save them.

At that moment, the people of Nicaragua will end a long, sad chapter in their history and begin a period of peace and national reconciliation—at home, as the Nicaraguan family is united and healed, and in their neighborhood, as Nicaragua leaves the Soviet bloc to take its place in a solidly democratic Central America. When that happens, Central America as a whole will be delivered from a period of danger and deep uncertainty.

Today thousands of brave Nicaraguan men and women are fighting to reach that moment. Some are in the mountains with arms; others are caring for the wounded; many remain in the cities, working in every way they can to keep the flame of civic resistance alive. They have one thing in common—they are risking all they have for their country, for their children's future. As Americans we should be proud to have friends such as these. When peace and democracy come to Nicaragua, we will be proud that we made the right decisions at the right time to help friends in their hour of greatest need. ■

Proposed Sale of F-5s to Honduras

by Elliott Abrams

Statement before the Subcommittees on Western Hemisphere Affairs and on Arms Control, International Security, and Science of the House Foreign Affairs Committee on May 19, 1987. Mr. Abrams is Assistant Secretary for Inter-American Affairs.

I am pleased to have this opportunity to appear before you to discuss the Administration's proposal to sell 12 F-5 aircraft to Honduras. Since many of you have undoubtedly visited Honduras over the last 2 or 3 years, you are probably aware of several important facts about this key U.S. ally. The first is that Honduras is currently faced with the greatest threat to its national security in its history as an independent nation. The second is that the Honduran Armed Forces are minuscule by comparison with those of its neighbors. Third, as the poorest nation in Central America, Honduras cannot afford to engage in a costly arms race; instead it must seek a cost-effective means of defense. To provide that defensive capability, the Hondurans, for several decades now, have depended on air superiority.

The threat I refer to emanates from Nicaragua whose Sandinista regime has conducted a military buildup unprecedented in Central America. Sandinista armed forces now number 75,000 men, plus unmobilized reserves and militia for a potential of close to 120,000 men; the entire Honduran Armed Forces consist of a mere 16,750 troops. In addition to numerical superiority of troops, Nicaragua has received from the Soviet bloc a substantial quantity of sophisticated weaponry. A sampling includes 10 MI-24 attack helicopters, 110 T-55 tanks, and at least 350 SA-7 ground-to-air missiles. It is critical to note that much of this buildup is of conventional forces and weapons—not those needed to combat an insurgency but those such as the T-55 tanks which directly threaten Nicaragua's neighbors. To deter the threat posed by this aggressive military buildup, Honduras relies almost exclusively on its air force whose mainstay is a fleet of 1950s-vintage Super Mystere aircraft.

There can be no doubt that the Sandinista arsenal threatens Honduras; there is ample proof of the Sandinistas' hostile intentions toward Honduras. Throughout this decade, the Sandinistas have repeatedly attempted to create an insurgency in Honduras. In 1981 and 1982, the Sandinistas and the Cubans provided military training to Hondurans who attempted to infiltrate and establish insurgencies in Olancho Province in 1983 and El Paraiso Province in 1984. In both instances, the Honduran security forces contained the threat. The Sandinistas

have also supported and instigated countless acts of terrorism. While these attempts have failed to destabilize Honduras, it has not been for want of trying but rather because the Honduran people far prefer their present democratic system of government.

Subversion is only one of the Sandinistas' methods of attack. They have themselves committed literally hundreds of acts of aggression against Honduras in the form of border violations and cross-border artillery shelling. The scale of the border incursions escalated dramatically in March 1986 when at least 1,500 Sandinista troops penetrated several miles inside Honduras. Another large-scale attack occurred in December 1986, confirming that Sandinista aggression against Honduras is not accidental or inadvertent but a deliberate campaign to intimidate a weaker neighbor.

The Hondurans have demonstrated that the Super Mystere currently in use are an effective deterrent to Sandinista aggression. In September 1985, in response to sustained shelling of Honduran territory by Sandinista artillery, the Honduran Air Force launched an attack on Nicaraguan targets. In one sortie, Super Mysteres and A-37s hit an artillery emplacement and a helicopter near Wiwili, Nicaragua. Sandinista forces immediately suspended the shelling. In December of 1986, Sandinista ground forces overran Honduran border outposts in the Las Vegas salient. After warning the regime in Managua to remove its forces from Honduras, at

least two sorties were made by the Super Mysteres and other aircraft against Nicaraguan positions inside Honduras. This action helped prompt withdrawal of Sandinista forces.

Faced with this security challenge, the Honduran desire to maintain and modernize the backbone of its defensive capability seems eminently reasonable. We have worked with the Honduran Armed Forces over a period of several years to analyze their needs and capabilities with respect to a replacement aircraft. We are convinced that the F-5 is the appropriate plane.

Since the mid-1970s, Honduras has had uncontested air superiority in Central America. Given the small size of its armed forces, Honduran air superiority has provided balance to a regional military power equation which would otherwise be weighed heavily against that nation. The Hondurans currently rely on 13 Super Mystere aircraft for this defense. The planes are increasingly difficult to maintain, and spare parts are virtually nonexistent—they are no longer available on the world market. Through our military assistance program (MAP) we have refurbished eight of the planes and acquired a limited stock of spare parts. Despite these efforts, the aircraft will lose their operational capability in approximately 4 years—barely enough time to acquire and put into service a new aircraft.

The proposed sale of ten F-5E and two F-5F aircraft is designed to replace the Super Mystere with a comparably modern follow-on plane. The F-5 is the most logical choice for Honduras because it is inexpensive and easy to maintain and provides the necessary interceptor and ground attack capabilities. The sale is valued at \$75 million and would be funded by MAP. In addition to the planes, the package includes pilot and technician training and some spare parts.

The objection most frequently raised to this sale is the specter of an arms race or military imbalance in Central America. Let me address that concern. The F-5 does not represent a new capability for Honduras; rather it is an incremental improvement of an existing one. Maintaining that capability is especially important given the Soviet-sponsored military escalation in Nicaragua. Careful analysis went into our decision to propose the sale of F-5s and it is based on Honduran needs and capabilities. Honduras cannot afford to consider matching Nicaragua man-for-man or gun-for-gun. Instead it must opt for the most cost-efficient means of

Argentine Military Rebellion

WHITE HOUSE STATEMENT,
APR. 19, 1987¹

One of the pillars of President Reagan's foreign policy is to support democratic institutions in Latin America. The United States is deeply disturbed by any development which threatens civilian constitutional and democratic rule in Argentina. We strongly urge that these officers desist in their defiant attitude and abide by the law.

The return of Argentina in 1983 to a system of representative government was applauded by democrats everywhere. Since 1983, and throughout the current incident, the Argentine

people have repeatedly manifested their firm commitment to democracy through free elections and the full exercise of their constitutional rights. Under the leadership of President (Raul) Alfonsín, impressive gains have been made in the consolidation of democracy and the economic development of Argentina. We have supported Argentine democracy from its restoration in 1983, and we strongly reaffirm our support of President Alfonsín and the continued rule of law in Argentina.

¹Text from Weekly Compilation of Presidential Documents of Apr. 27, 1987. ■

defending its sovereignty. For Honduras it means air superiority that deters any bolder Sandinista attacks than the ones we've witnessed to date.

The possibility of Nicaraguan acquisition from the Soviet Union or Eastern bloc of MiGs or other high performance aircraft is also presented as an objection to the sale. As I have emphasized, the F-5 is a replacement for the Super Fister and as such provides no justification for introduction of high performance aircraft into Nicaragua. It is not the Honduran Air Force that poses a threat to Central American stability; the massive Sandinista military buildup is the real threat to regional peace. The administration has made clear to the Soviet Union and Nicaragua that it would find acquisition of advanced jet fighters by Nicaragua unacceptable.

The other Central American governments are aware of the proposed F-5 sale. Neither Guatemala nor Costa Rica has expressed to us any objections to the sale nor do we expect that they will do so. As a result of a traditional rivalry, latent fears about the Honduran Air Force's capability are still a factor in Honduran thinking. At present, however, the Salvadorans are more concerned with the consequences of the regional balance shifting in Nicaragua's favor. While we cannot rule out the possibility of El Salvador requesting F-5 or other similar aircraft, we are prepared to say that the Salvadoran Air Force does not, under current circumstances, require such aircraft.

In closing, I want to reiterate that it is not the intention of the Administration to destabilize Central America or to create tensions there. To the contrary, we have carefully avoided any action which might do so. In this case, the Honduran defensive capability and the regional balance of power will seriously deteriorate if Honduran air superiority is maintained. The United States has made a commitment to assist Honduras in defending its national sovereignty; this sale contributes to fulfillment of that mission. I strongly urge the members of the subcommittees to support the provision of F-5 aircraft to the Honduran Air Force.

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

Antarctica

Recommendations relating to the furtherance of the principles and objectives of the Antarctic Treaty (TIAS 4780). Adopted at Tokyo Oct. 30, 1970. Entered into force Oct. 10, 1973, for VI 1-7 and VI 11-15; Nov. 1, 1982, for VI-9. TIAS 7796.

Notification of approval: U.K., Apr. 8, 1987 for VI-10.

Entered into Force: Apr. 8, 1987 for VI-10.

Recommendations relating to the furtherance of the principles and objectives of the Antarctic Treaty (TIAS 4780). Adopted at Washington Oct. 5, 1979.

Notification of approval: U.K., Apr. 8, 1987.

Entered into force: Apr. 8, 1987, except for X-1 and X-9.

Recommendations relating to the furtherance of the principles and objectives of the Antarctic Treaty (TIAS 4780). Adopted at Buenos Aires July 7, 1981.¹

Notification of approval: U.K., Apr. 8, 1987, for X-1 through XI-3.

Recommendations relating to the furtherance of the principles and objectives of the Antarctic Treaty (TIAS 4780). Adopted at Canberra Sept. 27, 1983.¹

Notification of approval: U.K., Apr. 8, 1987.

Recommendations relating to the furtherance of the principles and objectives of the Antarctic Treaty (TIAS 4780). Adopted at Brussels Oct. 18, 1985.¹

Notification of approval: New Zealand, Apr. 7, 1987; Fed. Rep. Germany, Apr. 14, 1987.²

Atomic Energy

Agreement extending the agreement of Feb. 11, 1977 (TIAS 9046), and addendum of Sept. 30, 1977 (TIAS 9047), in the field of gas-cooled reactor concepts and technology.

Effected by exchange of letters at Washington and Bonn Jan. 20 and Apr. 7, 1987. Entered into force Apr. 7, 1987; effective Feb. 11, 1987.

Parties: France; Fed. Rep. of Germany; Switzerland; U.S.

Containers

International convention for safe containers, 1972, as amended. Done at Geneva Dec. 2, 1972. Entered into force Sept. 6, 1977; for the U.S. Jan. 3, 1979. TIAS 9037, 10220. Ratification deposited: Austria, Aug. 28, 1986; effective Aug. 28, 1987.

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: Burkina Faso, May 4, 1987.

Fisheries

Eastern Pacific ocean tuna fishing agreement with protocol. Done at San Jose Mar. 15, 1983.¹ [Senate] Treaty Doc. 98-3.

Ratifications deposited: Costa Rica, Jan. 15, 1987; Honduras, June 4, 1985.

Marine Pollution

International convention on civil liability for oil pollution damage. Done at Brussels Nov. 29, 1969. Entered into force June 19, 1975.³ Accession deposited: India, May 1, 1987.

1984 Amendments to the annex of the protocol of 1978 relating to the international convention for the prevention of pollution from ships, 1973. Adopted at London Sept. 7, 1984. Entered into force: Jan. 7, 1986.

Narcotic Drugs

Single convention on narcotic drugs. Done at New York Mar. 30, 1961. Entered into force Dec. 13, 1964; for the U.S. June 24, 1967. TIAS 6298.

Ratification deposited: Liberia, Apr. 13, 1987.

Convention on psychotropic substances. Done at Vienna Feb. 21, 1971. Entered into force Aug. 16, 1976; for the U.S. July 15, 1980. TIAS 9725.

Accession deposited: Qatar, Dec. 18, 1986.

Pollution

Convention for the protection of the ozone layer, with annexes. Done at Vienna Mar. 22, 1985.¹ [Senate] Treaty Doc. 99-9.

Ratification deposited: U.K., May 15, 1987.

Property—Intellectual

Convention establishing the World Intellectual Property Organization. Done at Stockholm July 14, 1967. Entered into force Apr. 26, 1970; for the U.S. Aug. 25, 1970. TIAS 6932.

Accession deposited: Paraguay, Mar. 20, 1987.

Refugees

Protocol relating to the status of refugees. Done at New York Jan. 31, 1967; for the U.S. Nov. 1, 1968. TIAS 6577.

Accession deposited: Mauritania, May 5, 1987.

Satellite Communications System

Agreement relating to INTELSAT, with annexes. Done at Washington Aug. 20, 1971. Entered into force Feb. 12, 1973. TIAS 7532. Accession deposited: Benin, May 12, 1987.

Operating agreement relating to INTELSAT, with annex. Done at Washington Aug. 20, 1971. Entered into force Feb. 12, 1973. TIAS 7532.

Signature: Office des Postes et Telecommunications de la Republique Populaire du Benin, May 12, 1987.

Telecommunication

Inter-American radio agreement, with annex, appendices, declaration, resolution, and recommendations. Done at Washington July 9, 1949. Entered into force Apr. 13, 1952. TIAS 2489.

Notification of revocation: Mexico, Apr. 28, 1987; effective Apr. 28, 1988.

International telecommunication convention, with annexes and protocols. Done at Nairobi Nov. 6, 1982. Entered into force Jan. 1, 1984; definitively for the U.S. Jan. 10, 1986. [Senate] Treaty Doc. 99-6. Ratification deposited: Yemen (Sanaa), Mar. 11, 1987.

Terrorism

International convention against the taking of hostages. Adopted at New York Dec. 17, 1979. Entered into force Jan. 6, 1985. Accession deposited: Mexico, Apr. 28, 1987.

Trade—Textiles

Protocol extending arrangement of Dec. 20, 1973, regarding international trade in textiles (TIAS 7840). Done at Geneva July 31, 1986. Entered into force Aug. 1, 1986. Acceptances deposited: Jamaica, Feb. 26, 1987; Poland, Mar. 3, 1986.

Treaties

Vienna convention on the law of treaties, with annex. Done at Vienna May 23, 1969. Entered into force Jan. 27, 1980.³ Accession deposited: Bulgaria, Apr. 21, 1987.

Wheat

Wheat trade convention, 1986. Done at London Mar. 14, 1986. Entered into force July 1, 1986.⁴ [Senate] Treaty Doc. 100-1. Ratification deposited: Tunisia, May 15, 1987.

Women

Convention on the elimination of all forms of discrimination against women. Adopted at New York Dec. 18, 1979. Entered into force Sept. 3, 1981.³ Accession deposited: Paraguay, Apr. 6, 1987.

BILATERAL

Australia

Agreement concerning fishing by U.S. vessels in waters surrounding Christmas Island and Cocos/Keeling Islands pursuant to the South Pacific fisheries treaty. Effected by exchange of notes at Port Moresby Apr. 2, 1987. Entered into force Apr. 2, 1987.

Bahrain

Investment incentive agreement. Signed at Manama Apr. 25, 1987. Entered into force Apr. 25, 1987.

Belgium

Extradition treaty. Signed at Brussels Apr. 27, 1987. Enters into force on the first day of the second month after the exchange of instruments of ratification.

Botswana

Grant agreement for workforce and skills training project. Signed at Gaborone May 13, 1986. Entered into force May 13, 1986.

Canada

Memorandum of understanding on the reciprocal training of reserve officers between the Canadian Land Forces Command and Staff College and the U.S. Marine Corps Command and Staff College. Signed Nov. 4, 1985. Entered into force Nov. 4, 1985.

Memorandum of understanding on aviation cooperation. Signed at Washington and Ottawa Mar. 20 and Apr. 9, 1987. Entered into force Apr. 9, 1987.

China

Agreement amending agreement of Aug. 19, 1983, as amended, relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of notes at Washington Mar. 16 and 18, 1987. Entered into force Mar. 18, 1987.

Cyprus

Memorandum of understanding concerning the operation of the INTELPOST service, with details of implementation. Signed at Nicosia and Washington Mar. 12 and Apr. 3, 1987. Entered into force May 6, 1987.

Czechoslovakia

Agreement on cooperation in culture, education, science, technology, and other fields, with annex. Signed at Prague April. 15, 1986. Entered into force Apr. 15, 1986.

Program of cooperation and exchanges in culture, education, science, technology, and other fields for 1986 and 1987, with annex. Signed at Prague Apr. 15, 1986. Entered into force Apr. 15, 1986.

El Salvador

Agreement regarding trade in cotton textiles. Effected by exchange of notes at San Salvador Mar. 2 and Apr. 30, 1987. Entered into force Apr. 30, 1987.

France

Memorandum of understanding for joint development of the TOPEX/POSEIDON (oceanographic satellite) project. Signed at Washington Mar. 23, 1987. Entered into force Mar. 23, 1987.

Germany, Dem. Rep.

Agreement relating to trade in cotton textile products, with annexes. Effected by exchange of notes at Berlin Dec. 10, 1986, and Feb. 27, 1987. Entered into force Feb. 27, 1987; effective Jan. 1, 1987.

Greece

Agreement extending the memorandum of understanding of Apr. 28, 1986 on air services. Effected by exchange of notes at Athens Apr. 23-24, 1987. Entered into force Apr. 24, 1987; effective Apr. 25, 1987.

Guatemala

Grant agreement for balance of payments assistance. Signed at Guatemala City Apr. 13, 1987, with amended deposit account agreement. Entered into force Apr. 13, 1987.

Iceland

Memorandum of understanding concerning the operation of the INTELPOST service, with details of implementation. Signed at Reykjavik and Washington Mar. 5 and Apr. 1987. Entered into force May 6, 1987.

Italy

Mapping, charting and geodesy exchange, and cooperative agreement, with annexes. Signed at Rome Apr. 30, 1987. Entered into force Apr. 30, 1987.

Japan

Agreement extending the agreement of May 1, 1980 (TIAS 9760), as extended on cooperation in research and development in science and technology. Effected by exchange of notes at Tokyo Apr. 28, 1987. Entered into force Apr. 28, 1987; effective May 1, 1987.

Korea

Memorandum of understanding concerning operation of U.S. Air Force aircraft at Taegu. Signed at Osan Mar. 26 and Apr. 9, 1987. Entered into force Apr. 9, 1987.

Macao

Agreement amending and extending agreement of Dec. 28, 1983, and Jan. 9, 1984, relating to trade in textiles and textile products. Effected by exchange of letters at Hong Kong and Macao Apr. 14 and 28, 1987. Entered into force Apr. 28, 1987.

Mauritius

Agreement amending agreement of June 3 and 4, 1985, as amended, concerning trade in cotton, wool, and manmade fiber textiles apparel. Effected by exchange of notes at Port Louis Mar. 31 and Apr. 13, 1985. Entered into force Apr. 13, 1987.

Mexico

Agreements amending agreement of Feb. 1979 (TIAS 9419), as amended, relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchanges of notes at Washington Mar. 18 and 24 and Apr. 15 and 17, 1987. Entered into force Mar. 24 and Apr. 17, 1987.

Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed by, or insured by the U.S. Government and its agencies, with annex. Signed at Washington Apr. 9, 1987. Entered into force May 21, 1987.

Pakistan

International express mail agreement, with detailed regulations. Signed at Islamabad and Washington May 11 and 30, 1987. Entered into force May 1, 1987.

Papua New Guinea

Agreement concerning fishing by U.S. vessels in Papua New Guinea's archipelagic waters pursuant to the South Pacific fisheries treaty. Effected by exchange of notes at Waigani and Port Moresby Mar. 4, 5, and 25, 1987. Entered into force Mar. 25, 1987.

Department of State

Press releases may be obtained from the Office of Press Relations, Department of State, Washington, D.C. 20520.

No.	Date	Subject
96	5/1	Shultz: luncheon toast in honor of Japanese Prime Minister Nakasone, Apr. 30.
97	5/5	<i>Foreign Relations of the United States, 1955-1957</i> , Vol. VI, American Republics: Multilateral, Mexico, Caribbean, released.
98	5/5	Shultz: remarks before the Bureau of International Narcotics Matters Coordinators' Conference, May 4.
*99	5/5	Shultz: remarks at dedication of the memorial plaque, Foreign Service Day, May 1.
*100	5/6	Statement on behalf of Secretary Shultz on death of former CIA Director William Casey.
101	5/7	Shultz: remarks after his meeting with Arab League delegation.
*102	5/11	Program for the official working visit of Guatemalan President Vinicio Cerezo Arevalo, May 12-15.
103	5/11	Shultz: news briefing, the Homestead, Hot Springs, Va., May 8.
104	5/11	Shultz: remarks before the Council of the Americas conference.
*105	5/11	Shultz: remarks to the study commission on global perspectives in education.
*106	5/12	Shultz: remarks before the India-U.S. Business Council, U.S. Chamber of Commerce.
*107	5/14	Special program to provide temporary resident status for individuals who have worked in seasonal agriculture in the U.S.
*108	5/15	Frank Crigler sworn in as Ambassador to Somalia (biographic data).
109	5/18	Shultz: address and question-and-answer session before the American Israel Public Affairs Committee (AIPAC), May 17.
*110	5/18	Shultz: remarks upon receiving the David Ben-Gurion Peace Prize from the David Ben-Gurion Centennial Committee, New York City, May 17.
111	5/18	Shultz: address at the Stanford University cornerstone centennial, Stanford, May 14.
*112	5/19	Shultz: dinner toast in honor of Chinese Vice Chairman Yang Shangkun, May 18.
*113	5/20	Shultz: luncheon remarks in honor of Austrian Chancellor Franz Vranitzky.
*114	5/21	Festival of Indonesia, 1990-91.
*115	5/21	Shultz: remarks before the Anti-Defamation League of B'nai B'rith on the occasion of the presentation of an Elijah Cup, May 20.
116	5/27	<i>Foreign Relations of the United States, 1955-1957</i> , Vol. VII, American Republics: Central and South America, released.
117	5/27	Shultz: remarks on the occasion of the 40th anniversary of the Marshall Plan, May 26.
*118	5/27	Commemoration of 25th anniversary of AID and 40th anniversary of the Marshall Plan—special philatelic cancellation service.
119	5/28	Shultz: remarks before Wilson Center's seminar on Southeast Asia, May 27.

* Not printed in the BULLETIN ■

ru
 agreement amending agreement of Jan. 3, 1985, relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of notes at Lima Apr. 19 and Apr. 8, 1987. Entered into force Apr. 8, 1987.

negal
 agreement regarding the consolidation and scheduling of certain debts owed to, guaranteed by, or insured by the U.S. Government and its agencies, with annexes. Signed at Washington Apr. 10, 1987. Entered into force May 18, 1987.

nzania
 agreement regarding the consolidation and scheduling of certain debts owed to, guaranteed by, or insured by the U.S. Government, and its agencies, with annexes. Signed at Dar es Salaam Mar. 18, 1987. Entered into force Apr. 27, 1987.

rkey
 agreement amending agreement of Oct. 18, 1985, as amended, concerning trade in certain textile products. Effected by exchange of notes at Washington Jan. 22 and Mar. 25, 1987. Entered into force Mar. 25, 1987.

re
 agreement regarding the consolidation and scheduling of certain debts owed to, guaranteed by, or insured by the U.S. Government and its agencies, with annexes. Signed at Kinshasa Apr. 9, 1987. Entered into force May 18, 1987.

¹Not in force.
²Except for XIII-10 through 13.
³Not in force for the U.S.
⁴In force provisionally for the U.S. ■

Department of State

Free **single** copies of the following Department of State publications are available from the Correspondence Management Division, Bureau of Public Affairs, Department of State, Washington, D.C. 20520.

President Reagan

Promoting Freedom and Democracy in Central America, American Newspaper Publishers Asso., Ellis Island, N.Y., May 3, 1987 (Current Policy #952).

Secretary Shultz

Meeting the Challenges of Change in the Pacific, Stanford University Cornerstone Centennial Academic Convocation, Stanford, May 14, 1987 (Current Policy #956).
Working for Peace and Freedom, American Israel Public Affairs Committee (AIPAC), May 17, 1987 (Current Policy #957).

Africa

African Development: An Administration Perspective, Deputy Secretary Whitehead, Carnegie Corporation, May 7, 1987 (Current Policy #960).

Initiative to End Hunger in Africa (GIST, May 1987).

Arms Control

Improving the Balance of Conventional Forces in Europe, Deputy Assistant Secretary Hawes, National Defense University symposium, Mar. 27, 1987 (Current Policy #939).

Effective Arms Control Demands a Broad Approach, Ambassador Rowney, U.S. Air Force Academy, Colorado Springs, Apr. 27, 1987 (Current Policy #955).

Department

Challenges Facing the Foreign Service, Under Secretary Spiers, Foreign Service Day, May 1, 1987 (Current Policy #951).

Economics

U.S. Agriculture and the Global Context: A Time for Action, Under Secretary Wallis, National Association of Wheat Growers, Mar. 18, 1987 (Current Policy #950).

U.S. Trade Policy (GIST, May 1987).
European Community (GIST, May 1987).

Environment

The Environmental Agenda and Foreign Policy, Assistant Secretary Negroponce and Deputy Assistant Secretary Benedict, State Department symposium, Apr. 16, 1987 (Current Policy #943).

Europe

Moscow and the Peace Movement: The Soviet Committee for the Defense of Peace, May 1987 (Foreign Affairs Note).

U.S.-Soviet Agreement on Embassy Construction in Washington, May 1987 (Public Information Series).

Soviet Military Withdrawals (GIST, May 1987).

General

Foreign Relations Machinery, Apr. 1987 (Atlas of U.S. Foreign Relations).

Budgetary Resources and Foreign Policy, Under Secretary Derwinski, Subcommittee on Foreign Operations, House Appropriations Committee, Mar. 19, 1987 (Current Policy #933).

America's First Line of Defense: An Effective Foreign Policy, Assistant Secretary Keyes, World Affairs Council of Reading and Berks County, Wyomissing, Pa., Mar. 31, 1987 (Current Policy #938).

The Foreign Affairs Budget Crisis: Questions and Answers, May 1987 (Public Information Series).

Conducting Our Foreign Relations: An Investment in America's Future, May 1987 (Public Information Series).

Narcotics

The Drug Problem: Americans Arrested Abroad (GIST, May 1987).

International Narcotics Control (GIST, May 1987).

Narcotics in Latin America (GIST, May 1987).

Refugees

Refugees and Foreign Policy: Immediate Needs and Durable Solutions, Ambassador Moore, John F. Kennedy School of Government, Harvard, Cambridge, Apr. 6, 1987 (Current Policy #945).

South Asia

South Asia and the United States: An Evolving Partnership, Under Secretary Armacost, Asia Society, Apr. 29, 1987 (Current Policy #953).

Terrorism

International Terrorism (GIST, May 1987).

Western Hemisphere

The Spirit Behind the Monroe Doctrine, Assistant Secretary Abrams, James Monroe Freedom Award Dinner, Apr. 28, 1987 (Current Policy #949). ■

Background Notes

This series provides brief, factual summaries of the people, history, government, economy and foreign relations of about 170 countries (excluding the United States) and of select international organizations. Recent revisions are:

Canada (Mar. 1987)
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Foreign Relations Volumes Released

VOLUME VI, AMERICAN REPUBLICS¹

The Department of State on May 5, 1987, released *Foreign Relations of the United States, 1955-1957, Volume VI, American Republics: Multilateral; Mexico; Caribbean*. This volume presents documents on U.S. overall policy toward Latin America, regional policy toward the Caribbean, and bilateral relations with Mexico, Cuba, the Dominican Republic, and Haiti.

The Eisenhower Administration's attention was increasingly focused on Latin America and the Caribbean during these years. On one occasion, President Eisenhower remarked to Secretary of State Dulles that he had probably written Dulles "more often on the subject of Mexico than any other single matter."

A recurring theme was the question of U.S. aid and support to strongly anti-communist authoritarian regimes. "In the long run," said President Eisenhower, "the United States must check democracies." The President was so keenly aware of the problem of dependence created by excessive shipments of U.S. arms to the countries in the region.

An especially acute concern was the ongoing political instability in the Caribbean. Beginning in late 1956, Haiti underwent a series of governmental upheavals, culminating in the disputed election in September 1957 of Francois Duvalier as President. In Cuba the Batista government contended with armed opposition from a variety of groups, particularly the 26th of July Movement led by Fidel Castro, the student revolutionary movement in Havana and other urban centers, and a third group based in the United States and headed by former President Prio Socarrs. By the end of 1957, the Department of State and the Embassy in Havana had formulated a multiphase plan designed to pressure Batista and the opposition groups into ending the civil strife and holding free elections.

Foreign Relations, 1955-1957, Volume VI, which comprises 997 pages of previously classified foreign affairs records, was prepared in the Office of the Historian, Bureau of Public Affairs, Department of State. This authoritative official record is based upon the files of the White House, the Department of

State, and other government agencies. Documentation on U.S. policy toward Central and South America will be published soon in *Foreign Relations, 1955-1957, Volume VII*.

Copies of Volume VI (Department of State Publication No. 9503, GPO Stock No. 044-000-02147-1) may be purchased for \$28.00 (domestic paid) from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C., 20402. Checks or money orders should be made payable to the Superintendent of Documents.

VOLUME VII, AMERICAN REPUBLICS²

The Department of State on May 27, 1987, released *Foreign Relations of the United States, 1955-1957, Volume VII, American Republics: Central and South America*. Although American foreign policy was oriented toward peace-threatening crises elsewhere in the world, U.S. policymakers were aware of the mounting economic problems and political unrest in Central and South America. The demands of Latin peoples for social improvements and material progress were matters of concern to American diplomats.

The Eisenhower Administration's main attention in Central and South America in the period 1955-1957 focused on developments in Argentina, Brazil, Guatemala, and Panama. Faced with a new government in Argentina after the overthrow of President Juan Peron in September 1955, the United States quickly recognized the successor military governments. The National Security Council was advised that Argentina would probably look to the United States for aid. Indeed, the diplomatic exchanges in 1956 and 1957 chronicle a series of requests by Argentina for financial assistance and U.S. efforts to deal positively with them.

Similar concerns dominated U.S. relations with Guatemala and Brazil. While President Castillo Armas brought relative stability to Guatemala after the ouster of leftist President Arbenz in 1954, the need for U.S. assistance to help maintain an equilibrium in the country continued unabated. In Brazil continuing inflation, large deficits, and a chronic dollar shortage all contributed to

a precarious situation. The United States provided some assistance, but urged a program of economic reform to stabilize the country.

In Panama the relationship revolved around the canal question. Egyptian nationalization of the Suez Canal evoked a sympathetic response in Panama which presented a memorandum on the problems associated with the canal and the canal zone. Without surrendering sovereignty over the canal, the United States did address some of the basic Panamanian complaints.

Foreign Relations, 1955-1957, Volume VII, which comprises 1,171 pages of previously classified foreign affairs records, was prepared in the Office of the Historian, Bureau of Public Affairs, Department of State. This authoritative official record is based on the files of the White House, the Department of State, and other government agencies. Documentation on U.S. policy toward Mexico, the Caribbean area, and on multilateral relations was published in *Foreign Relations, 1955-1957, Volume VI*.

Copies of Volume VII (Department of State Publication No. 9513, GPO Stock No. 044-000-02149-1) may be purchased for \$29.00 (domestic postpaid) from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Checks or money orders should be made payable to the Superintendent of Documents.

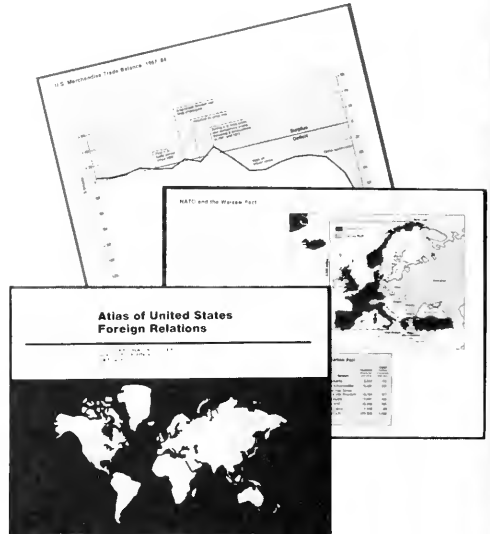
¹Press release 97.

²Press release 116 of May 27, 1987. ■

Atlas of United States Foreign Relations

The *Atlas of United States Foreign Relations*, December 1985, provides basic information about U.S. foreign relations for easy reference and as a educational tool. This is the second, revised edition of the atlas (first published in 1983). For this edition, most of the displays have been revised or updated, and some have been expanded or recast to reflect recent developments. Comprising 100 pages with 90 maps and charts, it is divided into six sections dealing with:

- Foreign relations machinery;
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- Trade and investment;
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July 1987

Volume 87, No. 2124

Afghanistan. South Asia and the United States: An Evolving Partnership (Armacost)	75	Environment. The Environmental Agenda and Foreign Policy (Benedick, Negroponete)	52	Publications	
Africa. African Development: An Administration Perspective (Whitehead)	15	France. Visit of French Prime Minister (Chirac, Reagan)	56	Background Notes	92
American Principles		Honduras. Proposed Sale of F-5s to Honduras (Abrams)	87	Department of State	92
Monroe Portrait Unveiled (Shultz)	81	Industrialized Democracies. OECD Council Meets in Paris (final communique)	43	Foreign Relations Volumes Released	93
Promoting Freedom and Democracy in Central America (Reagan)	1	Japan		Refugees. Refugees and Foreign Policy: Immediate Needs and Durable Solutions (Moore)	70
The Spirit Behind the Monroe Doctrine (Abrams)	80	Secretary's News Briefing of May 8 (excerpt)	13	Security Assistance. Proposed Sales of F-5s to Honduras (Abrams)	87
Working for Peace and Freedom (Shultz)	7	Trade With Japan (Reagan, proclamation, memorandum, White House fact sheet)	35	South Africa. Working for Peace and Freedom (Shultz)	7
Argentina. Argentine Military Rebellion (White House statement)	88	Visit of Japanese Prime Minister Nakasone (Nakasone, Reagan, Shultz, joint statement)	37	Trade	
Arms Control		Lebanon. U.S. Food Aid Program for Lebanon (Department statement)	61	Meeting the Challenges of Change in the Pacific (Shultz)	4
Benefits of an INF Agreement (Shultz)	17	Middle East		OECD Council Meets in Paris (final communique)	43
Effective Arms Control Demands a Broad Approach (Rowny)	22	Meeting With Arab League Delegation (Shultz)	63	Secretary's News Briefing of May 8 (excerpt)	13
Improving the Balance of Conventional Forces in Europe (Hawes)	18	The Persian Gulf: Stakes and Risks (Murphy)	64	Trade With Japan (Reagan, proclamation, memorandum, White House fact sheet)	35
MBFR Talks Resume (Department statement)	19	Working for Peace and Freedom (Shultz)	7	World Trade Week, 1987 (proclamation)	45
Nonproliferation Agreement With Allies (White House statement)	68	U.S.S. Stark Hit by Iraqi Missiles (Murphy, Reagan, Shultz, White House and Department statements)	58	Treaties. Current Actions	89
Clear and Space Arms Talks Open Round Eight (Kampelman, Reagan)	24	Military Affairs		U.S.S.R.	
U.S. Arms Control Initiatives: An Update	27	Improving the Balance of Conventional Forces in Europe (Hawes)	18	Benefits of an INF Agreement (Shultz)	17
U.S.-Soviet Nuclear and Space Arms Negotiations (Reagan)	25	U.S.S. Stark Hit by Iraqi Missiles (Murphy, Reagan, Shultz, White House and Department statements)	58	Effective Arms Control Demands a Broad Approach (Rowny)	22
U.S., Soviet Union to Establish Nuclear Risk Reduction Centers (White House statement)	21	Monetary Affairs. OECD Council Meets in Paris (final communique)	43	MBFR Talks Resume (Department statement)	19
China. U.S. Policy Priorities for Relations With China (Sigur)	41	Nicaragua		Nonproliferation and the Peaceful Uses of Nuclear Energy (Negroponte)	67
Communications. World Radio Conference Concludes	74	Central America: What Are the Alternatives? (Abrams)	83	Nuclear and Space Arms Talks Open Round Eight (Kampelman, Reagan)	24
Congress		Promoting Freedom and Democracy in Central America (Reagan)	1	The Spirit Behind the Monroe Doctrine (Abrams)	80
Energy Security (message to the Congress)	51	North Atlantic Treaty Organization		U.S. Arms Control Initiatives: An Update	27
The Persian Gulf: Stakes and Risks (Murphy)	64	Improving the Balance of Conventional Forces in Europe (Hawes)	18	U.S.-Soviet Nuclear and Space Arms Negotiations (Reagan)	25
Proposed Sale of F-5s to Honduras (Abrams)	87	NATO Nuclear Planning Group Meets in Norway (final communique)	57	U.S., Soviet Union to Establish Nuclear Risk Reduction Centers (White House statement)	21
31 Report on Cyprus (message to the Congress)	57	Nuclear Policy		Western Hemisphere	
U.S.-Soviet Agreement on Embassy Construction in Washington (Spiers)	34	Nonproliferation Agreement With Allies (White House statement)	68	Central America: What Are the Alternatives? (Abrams)	83
U.S. Stark Hit by Iraqi Missiles (Murphy, Reagan, Shultz, White House and Department statements)	58	Nonproliferation and the Peaceful Uses of Nuclear Energy (Negroponte)	67	Monroe Portrait Unveiled (Shultz)	81
Cyprus. 31st Report on Cyprus (message to the Congress)	57	Pacific. Meeting the Challenges of Change in the Pacific (Shultz)	4	Pan American Day and Week, 1987 (proclamation)	86
Department & Foreign Service		Pakistan. South Asia and the United States: An Evolving Partnership (Armacost)	75	Promoting Freedom and Democracy in Central America (Reagan)	1
Challenges Facing the Foreign Service (Spiers)	30	Presidential Documents		The Spirit Behind the Monroe Doctrine (Abrams)	80
U.S.-Soviet Agreement on Embassy Construction in Washington (Spiers)	34	Energy Security (message to the Congress)	51		
East Asia. ASEAN: A Model for Regional Cooperation (Shultz)	10	Nuclear and Space Arms Talks Open Round Eight (Kampelman, Reagan)	24		
Energy		Pan American Day and Week, 1987 (proclamation)	86		
ASEAN: A Model for Regional Cooperation (Shultz)	10	31st Report on Cyprus (message to the Congress)	57		
Meeting the Challenges of Change in the Pacific (Shultz)	4	Trade With Japan (Reagan, proclamation, memorandum, White House fact sheet)	35		
OECD Council Meets in Paris (final communique)	43	U.S.-Soviet Nuclear and Space Arms Negotiations	25		
Energy Security (message to the Congress)	51	Visit of French Prime Minister (Chirac, Reagan)	56		
A Governing Board Meets in Paris (Herrington, final communique)	47	Visit of Japanese Prime Minister Nakasone (Nakasone, Reagan, Shultz, joint statement)	37		
		World Trade Week, 1987 (proclamation)	45		

Name Index

Abrams, Elliott	80, 83, 87
Armacost, Michael H	75
Benedick, Richard E	52
Chirac, Jacques	56
Hawes, John H	18
Herrington, John S	47
Kampelman, Max M	24
Moore, Jonathan	70
Murphy, Richard W	58, 64
Nakasone, Yasuhiro	37
Negroponte, John D	52, 67
Reagan, President	1, 24, 25, 35, 37, 45, 51, 56, 57, 58, 86
Rowny, Edward L	22
Shultz, Secretary	4, 7, 10, 13, 17, 37, 58, 63, 81
Sigur, Gaston J., Jr	41
Spiers, Ronald I	30, 34
Whitehead, John C	15

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August 1987

Economic Summit

Venice 1987

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The DEPARTMENT OF STATE BULLETIN, published by the Office of Public Communication in the Bureau of Public Affairs, is the official record of U.S. foreign policy. Its purpose is to provide the public, the Congress, and government agencies with information on developments in U.S. foreign relations and the work of the Department of State and the Foreign Service. The BULLETIN'S contents include major addresses and news conferences of the President and the Secretary of State; statements made before congressional committees by the Secretary and other senior State Department officials; selected press releases issued by the White House, the Department, and the U.S. Mission to the United Nations; and treaties and other agreements to which the United States is or may become a party. Special features, articles, and other supportive material (such as maps, charts, photographs, and graphs) are published frequently to provide additional information on current issues but should not necessarily be interpreted as official U.S. policy statements.

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CONTENTS

FEATURE

- 1 Venice Economic Summit
(*President Reagan, Secretary Shultz, Statements, Declaration*)

President

Visit to Vatican City and West Germany

Vice President

NATO: The Best Investment in Peace

Secretary

Visit to Asia and the Pacific
Interview on "Meet the Press"
News Briefing of June 2
U.S. Business and the World Economy
Narcotics: A Global Threat

Africa

The U.S. and Southern Africa:
A Current Appraisal
(*Michael H. Armacost*)

Arms Control

Germany's Decision on Proposed INF Reductions
(*President Reagan*)

East Asia

The U.S., Japan, and Asian Pacific Security in Perspective
(*Michael H. Armacost*)
Japan—A Profile
U.S.-Japan Semiconductor Trade
(*President Reagan*)

Economics

- 56 Competitiveness in America:
Is Protectionism the Answer?
(*Douglas W. McMin*)
57 Trade With Romania, Hungary,
and China (*White House Statement*)

Europe

- 59 North Atlantic Council Meets in Iceland (*Secretary Shultz, Final Communique*)
63 NATO Defense Planning Committee Meets in Brussels (*Final Communique*)
64 Visit of Austrian Chancellor (*President Reagan*)
65 Recent Developments in Europe (*Rozanne L. Ridgway*)
67 40th Anniversary of the Marshall Plan (*President Reagan, Secretary Shultz*)
72 40th Anniversary of the Truman Doctrine (*President Reagan*)

Human Rights

- 73 U.S. Human Rights Policy: Origins and Implementation (*George Lister*)
75 Human Rights and U.S. Foreign Policy (*Richard Schifter*)
77 The Human Rights Issue in Korea (*Richard Schifter*)

Middle East

- 78 U.S. Policy in the Persian Gulf and Kuwaiti Reflagging (*Michael H. Armacost*)
80 Arms Sale to Saudi Arabia (*President Reagan*)
81 Persian Gulf (*President Reagan*)

Military Affairs

- 82 SDI Report to Congress (*White House Statement*)

Terrorism

- 83 Terrorism and the Rule of Law (*L. Paul Bremer, III*)
85 West Germany to Prosecute Terrorist (*White House Statement*)

Western Hemisphere

- 86 President Meets With Costa Rican President (*White House Statement*)
87 Visit of Guatemalan President (*Vinicio Cerezo Arevalo, President Reagan*)

Treaties

- 87 Current Actions

Press Releases

- 89 Department of State

Publications

- 90 Department of State

Index



(White House photo by Terry Arthur)

President Reagan in Venice.

Venice Economic Summit

President Reagan attended the 13th economic summit of the industrialized nations in Venice June 8-10, 1987, which was hosted by

Italian Prime Minister Amintore Fanfani.

The other participants were Prime Minister Brian Mulroney (Canada);

President Francois Mitterrand (France);

Chancellor Helmut Kohl (West Germany);

Prime Minister Yasuhiro Nakasone (Japan);

Prime Minister Margaret Thatcher (United Kingdom);

Jacques Delors, President of the European Communities; and

Belgian Prime Minister Wilfried Martens representing the Presidency of the European Communities.

President's Departure Remarks, June 3, 1987¹

You know, Nancy and I are leaving today for the economic summit in Venice. Many of you have helped me prepare for this meeting, and I'm most grateful. Others of you will, in the months ahead, join with me in helping to chart the course, not only for our economy but, in large measure, for the entire world's economy. Of course, I'm looking forward to continuing our common work.

But for a moment, rather than address you, the men and women who are my partners in shaping our nation's policies for the future, I would like to direct my words to some very special guests, to those of you here today who are the future, you graduates of James Madison High School.

The man your school was named for, James Madison, has been called the father of our Constitution, and he was also our fourth President. And, no, I was not one of his staff or advisers.

[laughter] But in his first inaugural address, Madison said these simple and

profound words: "It has been the true glory of the United States," he said "to cultivate peace by observing justice." This is a particularly good moment for remembering that wisdom.

On this trip, I will commemorate the 40th anniversary of the Marshall Plan. Yes, 40 years ago the United States said that if Europe were ever to see an end to the specter of war that had haunted that great continent for over two centuries, all of its people would have to know freedom, democracy, and justice. And so we extended both to allies and former enemies a helping hand, a hand of compassion, and a hand of hope.

The Soviet Union declined to take part in the Marshall Plan, as did the countries under its control, but to the rest of Europe, we gave help. What we know now as Western Europe was rebuilt. And today, in part as a result of the Marshall Plan, those countries and the United States as well as Japan have known the longest period of general peace in this century and the greatest prosperity in the history of man.

At this economic summit, I will look around the table and see, thanks in part to the generosity and wisdom of our nation over the past 40 years, not the leaders of broken, desperate and

despotic nations but the leaders of strong and stable democracies, countries that today are our partners for peace on the world stage. Next week each leader at that table will be asking the same questions. How can we help make the next 40 years as prosperous as the last 40? How can we help our peoples live in a world of even greater opportunities in the next decade and the next century?

Some of the answers to these questions are clear. Our countries should move forward to end unsustainable trade imbalances, to reform agricultural policies, and restore stability to the international currency markets. The major economic powers of the world must also work to eliminate inequities in the international trade environment to keep markets open and to keep commerce flowing. Economic growth and free markets are everybody's business.

At Venice we'll talk about how to improve East-West relations. We will discuss arms reductions, human rights problems, regional conflicts, and bilateral cooperation. Our discussion in Venice will help strengthen Western solidarity, which is indispensable to progress on issues of contention between the East and West. We will also address

various regional issues and other problems, such as international terrorism, where we can point to stepped-up and increasingly effective Western efforts, especially after last year's summit in Tokyo.

Despite this long agenda, we won't find all the answers to those questions about our future at this summit—not by a long shot. In fact, many of the answers will come from where mankind's greatest energy and vision have always come: from you, from those like you throughout the world, from the hope that lives in the hearts of free people everywhere. But we will take steps; we will continue the work of, as Madison said, cultivating peace by observing justice. And as I sit at that table and remember Madison's words, I will see not just the faces of those other leaders but your faces as well.

President's Radio Address, Venice, June 6, 1987²

I'm speaking to you from one of the most beautiful cities in the world, Venice, Italy, where I'll be meeting soon with the other leaders of the seven largest industrialized countries of the free world. It's time for our yearly summit conference on international economic issues.

Now, all of this—foreign leaders talking economics in the city of canals and gondolas—may sound a bit distant from your daily concerns, but take it from me, the issues we'll be discussing next week directly affect your lives and your future. That's because continued economic expansion and growth throughout the world are crucial to our prosperity at home.

When I attended my first summit back in Ottawa in 1981, the global economy was in grave danger. We had inflation running at 10% in industrialized countries, not to mention high interest rates, excessive tax burdens, and too much government everywhere. Worse

than all of this, there was no clear consensus among world leaders about how to set ourselves back on the road to recovery.

In the 6 years since that conference, the United States has made tremendous progress. With the American economy leading the way, we showed what can be achieved with economic policies based on less government and more personal freedom. As we reduced the taxes, cut inflation, and brought down interest rates, we demonstrated that economic growth can be vigorous and sustained.

So, too, the world leaders in Venice next week can look back on a solid record of accomplishment. Today inflation remains low, while interest rates are moderate, and prospects are favorable for growth to continue for a fifth year. So, you see, we did find that consensus for economic renewal and

growth, a consensus that relied not on government but the dynamism of free peoples.

But there are challenges ahead, and what we do next week to meet those challenges will have a direct impact on all Americans. Those of you who listen these broadcasts will know, for example how often I've stressed the threat that high tariffs and other trade barriers pose to economic progress. Some of us who lived through the hard times of the 1930s can tell you about that danger. When one nation decides to erect these barriers, it leads inevitably to retaliation by other nations. Soon the trade war is underway. Markets shrink all over the world, and the result is economic slowdown and the loss of millions of jobs.

That's why a summit conference with our major trading partners can be helpful. It's a chance to reaffirm our



President Reagan's radio address.

(White House photo by Pete Souza)

belief in free and fair trade, talk over the problems of protectionist legislation, and help provide a climate for the free flow of goods and commerce. It also gives us the chance to talk over other issues, like our goal of extending prosperity to the developing nations of the world. Right now the international community is helping these developing nations deal with a serious problem of heavy debt burdens. And just as this summit is helpful in coordinating our trade policies and our efforts to help spread prosperity to the rest of the world, our discussions in Venice will permit us to address such diverse topics as agricultural problems, terrorism, drug abuse, and the AIDS [acquired immune deficiency syndrome] epidemic.

So, too, the relationship between the nations of the world and the Soviet Union will be much on our minds. You probably know, for example, some very serious negotiations on arms reductions are reaching a critical stage. These negotiations affect our allies, so it's essential that we maintain our commitment to their security as well as our own. We also need to reaffirm our edge to a strong defense while exerting pressure on the Soviets for progress such areas as regional conflicts, like Afghanistan, and human rights.

The agenda next week is a full one. It certainly one source of encouragement is our record of accomplishment not only for the past few years but during the past four decades. Forty years to this week, then Secretary of State George Marshall announced an economic recovery plan for the European nations devastated by World War II. The plan was not a giveaway program; it was, instead, an incentive-oriented effort to get European nations to work together to build a new prosperity, a prosperity built on self-help and mutual love of freedom. It's this same idea of freedom which has kept much of the world at peace for four decades and brought rising standards of living to the average person. That's what we'll be seeking to advance further in Venice. Our goal now is, together, to build on this record of growth and opportunity for the future, as we've done in the past.

Statement on East-West Relations, June 9, 1987³

1. We, the Heads of State or Government of seven major industrial nations and the Representatives of the European Community, have discussed East-West relations. We reaffirm our shared principles and objectives and our common dedication to preserving and strengthening peace.

2. We recognize with pride that our shared values of freedom, democracy and respect for human rights are the source of the dynamism and prosperity of our societies. We renew our commitment to the search for a freer, more democratic and more humane world.

3. Within existing alliances, each of us is resolved to maintain a strong and credible defense which threatens the security of no one, protects freedom, deters aggression and maintains peace. We shall continue to consult closely on all matters affecting our common interest. We will not be separated from the principles that guide us all.

4. Since we last met, new opportunities have opened for progress in East-West relations. We are encouraged by these developments. They confirm the soundness of the policies we have each pursued in our determination to achieve a freer and safer world.

5. We are following with close interest recent developments in the internal and external policies of the Soviet Union. It is our hope that they will prove to be of great significance for the improvement of political, economic and security relations between the countries of East and West. At the same time, profound differences persist; each of us must remain vigilantly alert in responding to all aspects of Soviet policy.

6. We reaffirm our commitment to peace and increased security at lower levels of arms. We seek a comprehensive effort to lower tensions and to achieve verifiable arms reductions. While reaffirming the continuing importance of nuclear deterrence in preserving peace, we note with satisfaction that dialogue on arms control has intensified and that more favourable prospects have emerged for the reduction of nuclear forces. We appreciate US efforts to negotiate balanced, substantial and verifiable reductions in nuclear weapons. We emphasize our determination to enhance conventional stability at a lower level of forces and achieve the total elimination of chemical weapons. We believe that these goals should be actively pursued and translated into concrete agreements. We urge the Soviet Union to negotiate in a positive and constructive manner. An effective resolution of these issues is an essential

requirement for real and enduring stability in the world.

7. We will be paying close attention not only to Soviet statements but also to Soviet actions on issues of common concern to us. In particular:

- We call for significant and lasting progress to human rights, which is essential to building trust between our societies. Much still remains to be done to meet the principles agreed and commitments undertaken in the Helsinki Final Act and confirmed since.

- We look for an early and peaceful resolution of regional conflicts, and especially for a rapid and total withdrawal of Soviet forces from Afghanistan so that the people of Afghanistan may freely determine their own future.

- We encourage greater contacts, freer interchange of ideas and more extensive dialogue between our people and the people of the Soviet Union and Eastern Europe.

8. Thus, we each seek to stabilize military competition between East and West at lower levels of arms; to encourage stable political solutions to regional conflicts; to secure lasting improvements in human rights; and to build contacts, confidence and trust between governments and peoples in a more humane world. Progress across the board is necessary to establish a durable foundation for stable and constructive relationships between the countries of East and West.

Statement on Terrorism, June 9, 1987³

We, the Heads of State or Government of seven major democracies and the Representatives of the European Community assembled here in Venice, profoundly aware of our peoples' concern at the threat posed by terrorism:

- Reaffirm our commitment to the statements on terrorism made at previous Summits, in Bonn, Venice, Ottawa, London and Tokyo;

- Resolutely condemn all forms of terrorism, including aircraft hijackings and hostage-taking, and reiterate our belief that whatever its motives, terrorism has no justification;

- Confirm the commitment of each of us to the principle of making no concessions to terrorists or their sponsors;

- Remain resolved to apply, in respect of any State clearly involved in sponsoring or supporting international terrorism, effective

measures within the framework of international law and in our own jurisdictions;

- Welcome the progress made in international cooperation against terrorism since we last met in Tokyo in May 1986, and in particular the initiative taken by France and Germany to convene in May in Paris a meeting of Ministers of nine countries, who are responsible for counter-terrorism;

- Reaffirm our determination to combat terrorism both through national measures and through international cooperation among ourselves and with others, when appropriate, and therefore renew our appeal to all like-minded countries to consolidate and extend international cooperation in all appropriate fora;

- Will continue our efforts to improve the safety of travellers. We welcome improvements in airport and maritime security, and encourage the work of ICAO [International Civil Aviation Organization] and IMO [International Maritime Organization] in this regard. Each of us will continue to monitor closely the activities of airlines which raise security problems. The Heads of State or Government have decided on measures, annexed to this statement, to make the 1978 Bonn Declaration more effective in dealing with all forms of terrorism affecting civil aviation;

- Commit ourselves to support the rule of law in bringing terrorists to justice. Each of us pledges increased cooperation in the relevant fora and within the framework of domestic and international law on the investigation, apprehension and prosecution of terrorists. In particular we reaffirm the principle established by relevant international conventions of trying or extraditing, according to national laws and those international conventions, those who have perpetrated acts of terrorism.

ANNEX

The Heads of State or Government recall that in their Tokyo Statement on international terrorism they agreed to make the 1978 Bonn Declaration more effective in dealing with all forms of terrorism affecting civil aviation. To these ends, in cases where a country refuses extradition or prosecution of those who have committed offences described in the Montreal Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation and/or does not return the aircraft involved, the Heads of State or Government are jointly resolved that their Governments shall take immediate action to cease flights to that country as stated in the Bonn Declaration.

At the same time, their Governments will initiate action to halt incoming flights from

that country or from any country by the airlines of the country concerned as stated in the Bonn Declaration.

The Heads of State or Government intend also to extend the Bonn Declaration in due time to cover any future relevant amendment to the above Convention or any other aviation conventions relating to the extradition or prosecution of the offenders.

The Heads of State or Government urge other governments to join them in this commitment.

Statement on Iraq-Iran War and Freedom of Navigation in the Gulf, June 9, 1987²

We agree that new and concerted international efforts are urgently required to help bring the Iraq-Iran war to an end. We favour the earliest possible negotiated end to the war with the territorial integrity and independence of both Iraq and Iran intact. Both countries have suffered grievously from this long and tragic war. Neighbouring countries are threatened with the possible spread of the conflict. We call once more upon both parties to negotiate an immediate end of the war. We strongly support the mediation efforts of the United Nations Secretary-General and urge the adoption of just and effective measures by the UN Security Council. With these objectives in mind, we reaffirm that the principle of freedom of navigation in the gulf is of paramount importance for us and for others and must be upheld. The free flow of oil and other traffic through the Strait of Hormuz must continue unimpeded.

We pledge to continue to consult on ways to pursue these important goals effectively.

Secretary's News Briefing, June 9, 1987⁴

We're in the midst of a summit meeting with the usual wide range of subjects under review, and I think a genuine sense of continuity as we go from one year to the next with an evolving pattern of effectiveness. Let me outline where we are and where we are going.

First of all in East-West relations, we've had a strategy of strength, of

realistic assessment of the Soviets and their allies, and a readiness to negotiate. We see in our hands now with increasing firmness a pattern of agreements emerging. There is greater and greater consensus now coming forward on INF [intermediate-range nuclear forces]. And I expect, as we reflect on what was said here and have the full foreign ministers meeting in Reykjavik, that such a consensus on how we respond to the latest moves—important moves—will be established.

Beyond that, there is a clear recognition of where the next steps lie. They lie in conventional weapons, they lie in chemical weapons, and in following up on the broadly agreed changes in strategic arms.

The participants in the summit again emphasized something of profound importance in East-West relations, namely the underlying importance of human rights as necessary in itself and as a gauge to the quality of a relationship that's possible. We note that some moves have been made. They are encouraging. There is a great deal more to be done. There was considerable discussion of this among the heads of state and others reflecting on what is going on.

And, of course, regional issues remain a problem, and at the top of the list in the discussions here, Afghanistan. So, the heads call upon the Soviet Union to do better in these areas. But in general, we see a working strategy before us gradually getting someplace.

Next, terrorism; that subject has been around for awhile in these summit meetings, and, unfortunately, the problem is all too much around. However, we have seen increasing coherence, increasingly operational methods of cooperation between countries involved, the extension of various ways of dealing with terrorism once again illustrated in the communiqué this time, and we see more and more emphasis of no concessions, no place to hide. States sponsoring terrorism can expect trouble from us. We see some success. We see worldwide terrorism incidents down by about 6%, as compared with last year. We see them down about 33% in Europe. We see the emergence of the rule of law more and more—a very important development noted in the statement. There were two

ECONOMIC SUMMIT VENICE 1987



(White House photo by Pete Souza)

Summit participants from left to right: Prime Minister Martens, President Delors, Prime Minister Nakasone, Prime Minister Thatcher, President Reagan, Prime Minister Faufani, President Mitterrand, Chancellor Kohl, and Prime Minister Mulrooney.

ackings in 1986. That's the lowest level since 1968, when this was being looked, to begin with.

Let me mention two cases handled the rule of law which have a special significance—interesting significance. The first is the Hindawi case involving the intercepted effort to plant a bomb in an Al plane—successfully prosecuted. The other is the case of two Sikhs prosecuted in Canada for an effort to blow up an airplane.

Now the application of the rule of law is one aspect of this. A second aspect is that in both cases, through investigative work involving more than one country interacting, the intent of the terrorist was found before the damage

was done. The people were caught—caught with the goods—prosecuted and put in the slammer where they belong. That's the kind of thing we want to see. There's a communique; those are words, they mean something. And this is an illustration of what they mean.

As far as the Persian Gulf is concerned, as it turned out, people came here with pretty much the same view—recognizing the great importance of the gulf and recognizing the importance of deterring any threat to the principle of freedom of navigation.

We, of course, have taken steps ourselves. We feel that our force can do the job set out for it very well, but I want to emphasize—and it was certainly manifest here that we are not alone in

this by a long shot. For example, the British so far this year have escorted 104 vessels in the gulf—British vessels as they come in and out. We recognize that the heart of the problem, of course, is the war—the continuing Iran-Iraq war. And so the countries here joined in supporting the Secretary General's initiative and join in calling on the Security Council—and three of the permanent members are represented here—to call for a cease-fire at international borders and to call for it to be done in an effective way—effective meaning that we and other countries here advocate mandatory sanctions on sales of military goods to either country if there is one that declines to go along with the cease-fire.

We will go to the Security Council, and we will put it to the Soviets and put it to the Chinese, as the other two permanent members, to join in this action designed to get at the root of the problem, namely the war in the gulf—the war between Iran and Iraq, which has a spillover in the gulf.

Finally just a comment on overall atmospherics. As people come to know each other as individuals better and better through this process, the discussion flows very easily, takes on its own momentum. Sometimes it's a little hard to predict what people are going to talk about, but they have a capacity to dig into the subjects that are on the top of their minds and out of it comes a sharpened perception of what is going on and a better and more operational way of dealing with outstanding problems.

This is an economic summit. I, of course, have emphasized the security and political aspects. The whole afternoon and much of the morning today was spent on economic matters by the heads, and they'll be doing that again tomorrow as they work on the communique, which was worked over considerably this afternoon, and that will be issued tomorrow and interpreted tomorrow.

Q. In the statement on the gulf, the seven leaders urged the adoption of what they called "just and effective measures" by the Security Council. Is an arms embargo what you mean, and if it is what you mean, why don't the seven specifically say they support the British and the Americans in wanting to deny arms to Iran?

A. It says "effective measures," and I told you what effective means. That was clear in our discussions. It means that we call for a cease-fire, and if either country declines, then we will follow that up in our view—the view of the countries represented here—with a call for mandatory sanctions on the sale of arms. Now whether the Soviets will join in that or whether the Chinese will join in that, we don't know yet. But that's what we're going to take into our discussions in the Security Council.

Q. But what do you do now with an embargo on arms sales to Iran? Why do you have to wait to muddle through a very—

A. We don't. We don't. As far as we're concerned, we have an embargo on, and so do the other countries. But in order to make the maximum impact in trying to bring this war to an end, the broader that embargo can be, the more meaning it will have. And that is why we have said beyond what the countries may do individually, there is the intent to go to the United Nations, broaden it to the permanent members of the Security Council, and then hopefully broaden it to all other countries.

Q. Are you going to try to get stronger language in this statement, like "enforceable"? We've been hearing from the other delegations that we wanted it to be tougher, and that we really—

A. All sorts of words were talked about, and the word "enforceable" was talked about. The point was made that it's redundant, that's what "effective" means, and so we spelled it out, what "effective" means as we see it. Everybody agreed on that, so we got what we think is necessary here.

Q. A lot of people on Capitol Hill have said our allies have got to do more to help us physically in the gulf, that American boys ought not to be there at risk for oil for other people. Did you ask for, and if so, did you get, any promise or commitment of more physical help in the gulf?

A. The states that are capable of providing it are doing it. We are, and we'll do a little more as necessary. We'll be able to take care of ourselves well. The British are, and I've told you the number of escorts they've already provided this year. I didn't realize they'd done that much already. It's interesting. The French are; they have two ships per week in the gulf and they have others around. Two of the major states are not in the position to use military power in the gulf, so there are limitations.

The principal thing here is to support the diplomatic moves which are stronger in terms of what we will seek in the Security Council, and we have put forward before. Although we have been seeking mandatory sanctions, I think we have a real potential push here in that direction. So I think that we have done basically what we want.

Now, as far as the Persian Gulf providing oil to other people is concerned, think, myself, that the figures are a little deceptive. The fact of the matter is the oil is a commodity that flows around and is easily exchanged. It's not that different from one place to another. So you have to think in terms of a pool of oil.

The largest consumer of oil in the world is the United States. The largest importer of oil in the world is the United States. We have a stake in the flows of oil from wherever it comes, even though it may be that oil from a particular place doesn't flow directly to us. If it were interrupted, then the whole pattern would rearrange itself very rapidly.

Q. What about Italy? What did they say about providing some physical help or support?

A. I told you the countries that are in a position to provide the help are doing so. It isn't help, it's the things they were doing and we are doing, and those things will suffice. This has been successful enterprise, and it will continue to be so.

Q. On the terrorism statement, you talked about how the rule of law has come to bear in certain cases. Am I'd like to ask you about one case where it currently has not so far come to bear with the Hamadei case in West Germany. You mention in the statement about trying or extraditing those who have perpetrated acts of terrorism. How does that relate to the Hamadei's case? And in your discussions with the Germans at this summit, was there any discussion of what's going to happen?

A. As far as the Hamadei case is concerned, I don't have the slightest doubt—and I think I'm reasonably well informed—that the Germans will hand this in a correct and stiff way.

Q. What does that mean?

A. We'll see what it means. I'm just telling you how they're going to do it.

Q. How does that relate to the statement? Was that language—

A. Doesn't have any particular relation to the statement. Germany is a country that has experienced terrorism understands the menace of it, has dealt with it in a very, very tough way. So

they don't need any lessons on the question of handling terrorism. They're good at it, they're determined about it, and I'm sure they'll handle this case properly.

Q. The Tokyo statement on terrorism had a specific passage about not selling or exporting arms to terrorist nations. It's not repeated in that language in this statement. Could you tell us why?

A. No particular reason. That is our policy, and that was particularly geared to Libya. And that happened, and the situation with Libya, I might note, is very different today than it was a year ago.

Q. Was this related to the Iran arms sale? The omission of this—

A. No, no. No particular rationale.

Q. Similarly, there are words in here that were not in the Tokyo statement, particularly when it refers to the principle of no concessions to terrorists or their sponsors. Some observers here are saying that this is a reference to what the Administration did with regard to arms and hostages. Was it inserted over your objections?

A. No. I think that subject has been a problem. That problem is behind us, and this represents our long-held policy and it's stated here in a very crisp, important way—no concessions.

Q. Shouldn't the Russians be raised rather than condemned for helping Kuwait and others maintain freedom of navigation in the gulf? We're hearing two different answers on that.

A. As far as we're concerned, the gulf is the place from which a very large proportion of the energy to the free world comes. That is so today, it has been so for some decades, and it certainly is going to be so in the future. That oil flows to the West. We do not want to have that lifeline, in any way, under the hand of a country that is not necessarily friendly to us.

Q. Aren't they doing this for nefarious purposes while we're doing it for freedom of navigation?

A. I'm not going to speculate on what they're doing or why they're doing it. Obviously, they want to play a role in the gulf. But as far as we're concerned, this oil flows to the West, and we are perfectly capable of keeping these international waterways open. And we will defend that principle as it says in the statement.

Q. On the subject of the East-West statement, why is there no specific endorsement—or mention even—of the U.S. position on INF? The subject is completely glossed over. Is this a lukewarm statement?

A. No, the statement welcomes the U.S. positions in Geneva. And as far as INF is concerned, of course, that's basically something handled in our consultations with our NATO allies, but we talked about it a great deal with all the countries, including Japan. And I think by and large as far as the LRINF, the SRINF, the effort we're making in verification and so on, everybody is basically on board. But we'll want to go through that carefully in Reykjavik. And the President will make his decision on what our position will be in Geneva. But it actually—as I said in my opening statement—it's going very well. And this, I think we have to put down as an example of a very important success.

Starting back in 1979—I might say a bipartisan success and a multinational success—starting in 1979, with a dual-track decision which said to the Soviet Union: Take out your SS-20s, and we're ready to bargain with you about that. And if you don't, we will deploy.

And we did bargain. And we did deploy. And they bullied and tried hard to prevent that deployment, but the alliance went ahead and deployed. They walked out of the bargaining. They said they wouldn't come back until we took the missiles out. We kept on with our deployment schedule. The cohesion, the strength of the alliance was evident. So they came back to the bargaining table, and now an agreement hasn't been reached yet, but it is very clearly possible that it is completely in line with our objectives, both in the long-range and short-range INF missiles. So this is a stunning success for a strategy of strength, realism, and readiness to negotiate—it works. You can see it.

Q. How are you going to resolve the issue of conventional forces as they relate to the INF response, as was brought out—the difficulties, as they were brought out at the dinner last night between Britain and Germany?

A. There are lots of different problems in the strategy that is referred to in this statement of seeking to maintain our strength and our capacity to deter aggression insofar as it is possible at lower and lower levels of armaments. So you take it a piece at a time, but you have in your mind the way the pieces relate to each other. One piece is INF. It's an important piece, but it's only a piece. There is nothing about conventional arms in INF. That is about certain classes of missiles.

As you imagine, a world with a somewhat lesser—not much less, but a little less as a result of the INF—nuclear missilery, it obviously highlights not only the importance of doing something about the conventional arms asymmetry but also about chemical weapons. And that is said explicitly in here. Of course, it also highlights the importance of getting the strategic arms, which are much more numerous and very threatening. We want to work on START [strategic arms reduction talks].

There is an integrated set here. It's very much in people's minds, and we deal with one problem, we recognize the others. The importance of conventional arms has been highlighted in NATO discussions, and I expect that it will be again, and it's highlighted in the communiqué.

Q. With all due respect, the communiqué does not endorse the U.S. positions in Geneva. It doesn't even make mention of Geneva, and it only talks about U.S. efforts to negotiate and, in fact, praises the dialogue that is continuing. It seems to me that after the discussion last night, the people here in Venice were more concerned with Gorbachev's changes in policy and so on—a lot of discussion of that—and not so interested in specific U.S. position on medium-range missiles and short-range missiles.

A. We have talked about the INF problem endlessly. We see this process

working; there's nothing to argue about with respect to INF as such. There are the other aspects of the arms control picture which are referred to in the statement, and I think it's very strong and supportive and clear. The fact that the heads spent a lot of time among themselves talking about what is going on in a direct, realistic, informed way is the kind of thing, if it can happen in a meeting like this, that I think is very good.

It's just the kind of thing you hope will happen. That these people who have the responsibility for leadership in the free world sit down and they talk to each other candidly as human beings about what's going on over there. And they are realistic enough to say, "Yes, there are problems. Yes, there are changes. We're interested in those changes." And, "What do you think about them?" and so on—that kind of sharing of information. It's exactly what these kind of meetings are for, and it's working very well.

Q. Following up on the European concerns about conventional and tactical nuclear weapons, were you able to give the Europeans any assurances or tell us of any plans to seek any kind of commitment from the Soviet Union about a date, for instance, for new kinds of talks? I understand it won't be related to the INF agreement, but what are your plans for these next steps that you're describing?

A. The subject of conventional arms is one that we've been discussing in NATO, and the concept of an Atlantic-to-the-Urals scope which was proposed by us has been accepted as "the scope concept." And we are working to find the right kind of procedure to use in proceeding. I expect that we'll continue the discussion of that in Reykjavik. But I'm sure that a forum will be produced that will discuss conventional arms, given that concept, probably out of the Vienna CSCE [Conference on Security and Cooperation in Europe] meeting. There will also be a continuing effort in what is called "CDE" [Conference on Security and Confidence-Building Measures and Disarmament in Europe], that is the sort of thing discussed in Stockholm, as well as, of course, within CSCE, the major

emphasis on human rights. And it's very important to keep that subject on the front burner. These subjects work themselves along, and we struggle, and we want to get it done right, and that's what we're in the process of doing.

Q. Given what happened to the U.S.S. Stark not too long ago, one wonders why there wasn't from the allies an expression of support for the American policies that the American military held in the Persian Gulf.

A. With respect to the *Stark*, of course, the President has received, and I have received from my counterparts, very strong support of—letters and letters of condolence. And I think the fact that the President asserted our determination to continue doing what we're doing there was very much welcomed and all of that has been said. It's very personal and, of course, these tragedies touch everybody. We feel it and so do our friends and they are very sympathetic.

Q. Why was there no recognition of American policies in the gulf, given what we are doing there in expanding our participation—

A. I think that the statement is a recognition of exactly what we've been saying. It's a recognition of the fact, this is important. It's got to be done. There's a principle here. There's the basic oil here. The United States is there. So are other countries. We need to work at it through looking hard at the Iran-Iraq war. All of those things are there, and I think it's exactly what you would want to have.

Q. Was there any discussion or any mention of U.S. arms sales to Iran? And can you tell us if any of the countries here now sell arms to Iran?

A. There was no mention that I heard—or have heard of—of our arms sales to Iran and the problems that we're having. People didn't bring that up and, as far as our friends around the world are concerned, they hope we get that problem out of the way, and they're interested in where we go from here as illustrated by these statements. That's where their focuses of attention are.

Q. Are any of the countries which have been involved in this summit now selling arms to Iran?

A. Not that I know of.

Q. Could you explain why the leaders did not discuss the Persian Gulf at all at dinner last night, given the statement that was put out today and the extent to which it has been a topical issue?

A. It was discussed in the various bilaterals, and it was discussed in other meetings and discussed by the heads this morning. Why they didn't talk about it last night? I don't know; I wasn't present. But as I have had the meeting described to me by the President, they got going on the subject of comparing notes on what's going on in the Soviet Union and Mr. Gorbachev and so on. It's a very interesting subject and it sort of carried through. There were various other things that they talked about, and that's the sort of thing that happens sometimes at a meeting. It isn't as though somebody's got an agenda at a dinner and says, "Wait a minute, one, two, three, four, five." These are heads of state. They come together periodically and they want to talk to each other about these things and they did. It's working fine.

Q. Why do you think there's some prospect of success with the UN Security Council of resolution when the nation that provides the Silkworm is a member of the Security Council and has the veto power there?

A. Whether we will be successful, I don't know, but we are going to work at it, try at it, and call the strategy involved to everyone's attention, all the countries involved. Maybe there comes a time when people say we've got to pitch in and do this. I can't speak for the other countries, but I think we're in a very strong position, coming out of this meeting, to go to the United Nations in a very powerful way—and it isn't only the permanent members of the Security Council which are talking here, it's also other countries that count for a lot in the world and the European Community represented here, and so on.

I think that we just have more push on the subject. That doesn't mean that we'll necessarily succeed because there



(White House photo by Bill FitzPatrick)

President Reagan with Prime Minister Fanfani at the welcoming ceremony.

us been a reluctance. But you never know when you break through things. It's important to keep working at it because this Iran-Iraq war has been going on for some 6 or 7 years now. The number of people who have been killed and injured is way over a million. It's a very bloody, disheartening thing to have going on on this planet. You can't help it, you want to see it end.

It does have its spillover effect which we're contending with. But I think that, at some point, somebody needs to blow the whistle on this thing and that's what we're trying to do.

Q. Will you just tell us about Elliott Abrams [Assistant Secretary

for Inter-American Affairs]? How can you keep him on? How you can keep him on after he misled Congress?

A. For this reason. Elliott Abrams has been doing and is now doing an extraordinarily difficult job with great energy, with great skill, and with great dedication. It's a hard job, that job of Assistant Secretary, and he drives himself, and he has accomplished a great deal. So he's done well.

He made a mistake. He failed to disclose a solicitation he knew about and had made in a setting where he very quickly realized afterward that he should have. And he went back and corrected that mistake long before these hearings took place. So I think that that mistake

doesn't change the quality of the work that he's done. It doesn't change the importance—at least as I judge it and he judges it and the President judges it, as a majority of the Senate and House judged it last year when they voted.

To support people who are willing to fight for freedom and independence in Nicaragua and to work hard through that route, through the negotiating route, through other means that we can find to try to find our way to a more stable situation in Central America—that's what Elliott Abrams has dedicated himself to. And that's what we're trying to achieve.

It is very apparent that as long as you have a totalitarian, Soviet-dominated regime in Nicaragua, you're not going to have peace and stability in Central America. Elliott has dedicated himself to that job. He's been doing it with great skill and energy. It is that effort and the determination involved in it, that is why I support Elliott Abrams. He's doing very well.

Q. If they don't trust him, how can he be effective?

Q. You didn't mention that among his mistakes and he's acknowledged it.

A. I can't even hear your question. He is effective at doing what he's doing. He made a mistake. He said he made a mistake. And I think people can reflect on that a little bit and let a little time pass and reflect also on the things that he's done that are the hard, energetic efforts of a very patriotic American and a tremendous public servant. This is a good man.

Q. Are you the only one in the Administration who supports him?

A. The Administration supports him from top to bottom. And that's been made clear.

Q. Is he going to obey the law from now on?

A. Elliott Abrams has violated no laws. He made a mistake in his response or lack of response to a question which he corrected. He has not violated any laws.

Statement on Political Issues, June 10, 1987

The Venice summit has provided us with the opportunity for a useful exchange of views on the main international political issues of the moment. Our discussions took place in the same spirit of constructive cooperation which inspired yesterday's statements on East-West relations, the gulf conflict and terrorism and confirmed a significant unity of approaches.

In the field of East-West relations, particular attention was paid to a number of regional issues.

On the subject of Afghanistan, emphasis was placed once again on the need to keep up pressure so that the Afghan people can very soon determine their own future in a country no longer subject to external military occupation.

It was noted that the presence in Kampuchea of foreign troops continues to be an obstacle to the peace and tranquillity of South-East Asia.

In the Pacific, newly independent island states are faced with difficult economic situations. We have stressed the need to support their development process in conditions of complete freedom from outside political interference.

In Asia, we agreed that particular attention should be paid to the efforts for economic reform undertaken by China. We reviewed the situation in the Korean Peninsula, in the belief that the next Olympic Games may create a climate favourable to the development of a more open dialogue between North and South. In the Philippines, the democratic government is involved in a courageous attempt at economic and social renewal which deserves our support.

As regards Africa—a continent with enormous potentialities but facing extremely serious economic, social and political problems—we viewed the situation in South Africa with particular concern. We agreed that a peaceful and lasting solution can only be found to the present crisis if the apartheid regime is dismantled and replaced by a new form of democratic, non-racial government. There is an urgent need, therefore, to begin a genuine dialogue with the representatives of all the components of South African society. At the same time, we noted the importance of humanitarian assistance initiatives for the victims of apartheid and of supporting the efforts by SADCC [Southern African Development Co-ordination Conference] member states to develop and strengthen their own economies.

Serious concern was expressed at the continuing dangerous tensions and conflicts in the Near and Middle East and at the absence of concrete progress toward a solution to the Arab-Israeli dispute. The need for action to create conditions for a just, global and lasting peace was reaffirmed.

Concern was also expressed at the situation in the occupied territories.

The situation in Lebanon, with its serious internal tensions and the persisting problem of the Palestinian camps, continues to give cause for concern. In this connection, we reaffirmed our hope that genuine efforts be made towards national reconciliation.

With regard to Latin America, the discussion highlighted the need to promote appropriate initiatives aimed at supporting democratic governments and encouraging their return to democracy and its consolidation throughout the continent. There was also agreement that efforts toward regional integration will help open up a fruitful and constructive dialogue with the West: they, therefore, deserve support.

With regard to developments in Central America, it is hoped that the forthcoming summit to be held in Guatemala can play a positive role in paving the way to peace and stability.

Finally, we turned to the problems of the United Nations Organizations and, in particular to its current financial difficulties and considered possible ways of overcoming the

Statement on AIDS, June 10, 1987

On the basis of the concern already shown the past for health problems (London chair man's oral statement on cancer and Bonn chairman's oral statement on drugs), the Heads of State or Government and the representatives of the European Community affirm that AIDS [acquired immune deficiency syndrome] is one of the biggest potential health problems in the world. National efforts need to be intensified and made more effective by international cooperation and concerted campaigns to prevent AIDS from spreading further and will have to ensure that the measures taken are in accordance with the principles of human rights. In this context, they agreed that:

- International cooperation will not be improved by duplication of effort. Priority will have to be given to strengthening existing organizations by giving them full political support and by providing them with the necessary financial, personnel and administrative resources. The World Health Organization (WHO) is the best forum for drawing together international efforts on a worldwide level to combat AIDS, and all countries should be encouraged fully to cooperate with the WHO and support its special program of AIDS-related activities.

- In the absence of a vaccine or cure, the best hope for the combat and prevention of AIDS rests on a strategy based on educating the public about the seriousness of the AIDS

epidemic, the ways the AIDS virus is transmitted and the practical steps each person in take to avoid acquiring or spreading it. Appropriate opportunities should be used for exchanging information about national education campaigns and domestic policies. The Heads of State or Government and the representatives of the European Community welcome the proposal by the U.K. government to co-sponsor, with the WHO, an international conference at ministerial level on public education about AIDS.

- Further cooperation should be promoted for basic and clinical studies on prevention, treatment and the exchange of information (as in the case of the EC program). The Heads of State or Government and the representatives of the European Community welcome and support joint action by researchers in the seven countries (as in the case of the joint program of French and American researchers, which is being enlarged, and similar programs) and all over the world for the cure of the disease, clinical testing on components of the virus and the development of a successful vaccine. The Heads of State or Government and the representatives of the European Community welcome the proposal by the president of the French Republic aiming at the creation of an international committee on the ethical issues raised by AIDS.

Statement on Drugs, June 10, 1987

The Heads of State or Government have examined the drug abuse problem, which causes a tragic loss of human life and now affects people all over the world, especially the young and their families. They emphasize the importance of undertaking a strategy in support of national, regional and multilateral campaigns in order to overcome this problem. They intend to continue their fight against legal production and distribution of drugs and to create all necessary conditions for more effective international cooperation. They will also work for the eradication of legal cultivation of natural drugs and for its replacement with other types of production which will further the aims of social and economic development. The leaders welcome the agreements already reached on bilateral and multilateral bases, and look forward with confidence to a successful International Conference on Drug Abuse and Illicit Trafficking, which the United Nations is convening next week in Vienna.

Economic Declaration, June 10, 1987

Introduction

1. We, the Heads of State or Government of the seven major industrialized countries and the representatives of the European Community, have met in Venice from 8 to 10 June 1987, to review the progress that our countries have made, individually and collectively, in carrying out the policies to which we committed ourselves at earlier summits. We remain determined to pursue these policies for growth, stability, employment and prosperity for our own countries and for the world economy.

2. We can look back on a number of positive developments since we met a year ago. Growth is continuing into its fifth consecutive year, albeit at lower rates. Average inflation rates have come down. Interest rates have generally declined. Changes have occurred in relationships among leading currencies which over time will contribute to a more sustainable pattern of current account positions and have brought exchange rates within ranges broadly consistent with economic fundamentals. In volume terms, the adjustment of trade flows is under way, although in nominal terms imbalances so far remain too large.

Macroeconomic Policies and Exchange Rates

3. Since Tokyo, the summit countries have intensified their economic policy coordination with a view to ensuring internal consistency of domestic policies and their international compatibility. This is essential to achieving stronger and sustained global growth, reduced external imbalances and more stable exchange rate relationships. Given the policy agreements reached at the Louvre and in Washington, further substantial shifts in exchange rates could prove counterproductive to efforts to increase growth and facilitate adjustment. We reaffirm our commitment to the swift and full implementation of those agreements.

4. We now need to overcome the problems that nevertheless remain in some of our countries: external imbalances that are still large; persistently high unemployment; large public sector deficits; and high levels of real interest rates. There are also continuing trade restrictions and increased protectionist pressures, persistent weakness of many

primary commodity markets and reduced prospects for developing countries to grow, find the markets they need and service their foreign debt.

5. The correction of external imbalances will be a long and difficult process. Exchange rate changes alone will not solve the problem of correcting these imbalances while sustaining growth. Surplus countries will design their policies to strengthen domestic demand and reduce external surpluses while maintaining price stability. Deficit countries, while following policies designed to encourage steady low-inflation growth, will reduce their fiscal and external imbalances.

6. We call on other industrial countries to participate in the effort to sustain economic activity worldwide. We also call on newly industrialized economies with rapid growth and large external surpluses to assume greater responsibility for preserving an open world trading system by reducing trade barriers and pursuing policies that allow their currencies more fully to reflect underlying fundamentals.

7. Among the summit countries, budgetary discipline remains an important medium-term objective and the reduction of existing public sector imbalances a necessity for a number of them. Those summit countries which have made significant progress in fiscal consolidation and have large external surpluses remain committed to following fiscal and monetary policies designed to strengthen domestic growth, within a framework of medium-term fiscal objectives. Monetary policy should also support non-inflationary growth and foster stability of exchange rates. In view of the outlook for low inflation in many countries, a further market-led decline of interest rates would be helpful.

Structural Policies

We also agree on the need for effective structural policies especially for creating jobs. To this end we shall:

- Promote competition in order to speed up industrial adjustment;
- Reduce major imbalances between agricultural supply and demand;
- Facilitate job creating investment;
- Improve the functioning of labor markets;
- Promote the further opening of internal markets;
- Encourage the elimination of capital market imperfections and restrictions and the improvement of the functioning of international financial markets.

Multilateral Surveillance and Policy Coordination

9. We warmly welcome the progress achieved by the Group of Seven finance ministers in developing and implementing strengthened arrangements for multilateral surveillance and economic coordination as called for in Tokyo last year. The new process of coordination, involving the use of economic indicators, will enhance efforts to achieve more consistent and mutually compatible policies by our countries.

10. The Heads of State or Government reaffirm the important policy commitments and undertakings adopted at the Louvre and Washington meetings of the Group of Seven, including those relating to exchange rates. They agree that, if in the future world economic growth is insufficient, additional actions will be required to achieve their common objectives. Accordingly, they call on their finance ministers to develop, if necessary, additional appropriate policy measures for this purpose and to continue to cooperate closely to foster stability of exchange rates.

11. The coordination of economic policies is an ongoing process which will evolve and become more effective over time. The Heads of State or Government endorse the understandings reached by the Group of Seven finance ministers to strengthen, with the assistance of the International Monetary Fund (IMF), the surveillance of their economies using economic indicators including exchange rates, in particular by:

- The commitment by each country to develop medium-term objectives and projections for its economy, and for the group to develop objectives and projections, that are mutually consistent both individually and collectively; and

- The use of performance indicators to review and assess current economic trends and to determine whether there are significant deviations from an intended course that require consideration of remedial actions.

12. The Heads of State or Government consider these measures important steps towards promoting sustained non-inflationary global growth and greater currency stability. They call upon the Group of Seven finance ministers and Central Bank governors to:

- Intensify their coordination efforts with a view to achieving prompt and effective implementation of the agreed policy undertakings and commitments;

- Monitor economic developments closely in cooperation with the managing director of the IMF; and

- Consider further improvements as appropriate to make the coordination process more effective.



(White House photo by Bill Fitz-Patrick)

President Reagan with Treasury Secretary James A. Baker, III, and Secretary Shultz during the summit.

Trade

13. We note rising protectionist pressures with grave concern. The Uruguay Round can play an important role in maintaining and strengthening the multilateral trading system, and achieving increased liberalization of trade for the benefit of all countries.

Recognizing the interrelationship among growth, trade and development, it is essential to improve the multilateral system based on the principles and rules of the General Agreement on Tariffs and principles and rules of the General Agreement on Tariffs and Trade (GATT) and bring about a wider coverage of world trade under agreed, effective and enforceable multilateral discipline. Protectionist actions would be counterproductive, would increase the risk of further exchange rate instability and would exacerbate the problems of development and indebtedness.

14. We endorse fully the commitment to adopt appropriate measures in compliance with the principles of stand-still and rollback which have been reaffirmed in the ministerial declaration on the Uruguay Round. It is important to establish in the GATT a multilateral framework of principles and rules for trade in services, trade-related investment measures and intellectual property rights.

This extension of the multilateral trading system would also be beneficial to developing countries in fostering growth and enhancing trade, investment and technology transfers.

15. Basing ourselves on the ministerial declaration on the Uruguay Round and on the principles of the GATT, we call on all contracting parties to negotiate comprehensively in good faith and with all due dispatch, with a view to ensuring mutual advantage and increased benefits to all participants. Canada, Japan, the United States and the European Community will table a wide range of substantive proposals in Geneva over the coming months. Progress in the Uruguay Round will be kept under close political review. In this context the launching, the conduct and the implementation of the outcome of the negotiations should be treated as parts of a single undertaking; however, agreements reached at an early stage might be implemented on a provisional or definitive basis by agreement prior to the formal conclusion of the negotiations, and should be taken into account in assessing the overall balance of the negotiations.

16. A strong, credible, working GATT is essential to the well-being of all trading countries and is the best bulwark against mounting bilateral protectionist pressures. The

tioning of the GATT should be improved through enhancing its role in maintaining an open multilateral system and its ability to manage disputes; and through ensuring better coordination between the GATT and the IMF and the World Bank. We consider that it would be useful to have, as appropriate, in the course of the negotiations, a meeting of the Trade Negotiating Committee at the ministerial level.

Agriculture

7. At Tokyo we recognized the serious nature of the agricultural problem. We agreed that the structure of agricultural production needed to be adjusted in the light of world demand and expressed our determination to give full support to the work of the ECDC [Organization for Economic Cooperation and Development] in this field. In doing so, we all recognized the importance of agriculture to the well-being of our rural communities. In the past year, we have actively pursued the approach outlined at Tokyo, and we take satisfaction from the agreement in the ministerial declaration adopted in Punta del Este on the objectives for the negotiations on agriculture in the Uruguay Round.

18. We reaffirm our commitment to the important agreement on agriculture set out in the OECD ministerial communique of May 13, 1987; in particular, the statement of the scope and urgency of the problem which require not a concerted reform of agricultural policies but their implementation in a balanced and equitable manner; the assessment of the grave implications, for developed and developing countries alike, of the growing imbalances in supply of and demand for the main agricultural products; the acknowledgment of shared responsibility for the problems as well as for their equitable, effective and durable resolution; the principles of reform and the action required. The long-term objective is to allow market signals to influence the orientation of agricultural production, by way of a progressive and concerted reduction of agricultural support, as well as by all other appropriate means, giving consideration to social and other concerns, such as food security, environmental protection and overall employment.

19. We underscore our commitment to work in concert to achieve the necessary adjustments of agricultural policies, both at home and through comprehensive negotiations in the Uruguay Round. In this as in other fields, we will table comprehensive proposals for negotiations in the coming months to be conducted in accordance with the mandate in the ministerial declaration, and we intend to review at our next meeting the progress achieved and the tasks that remain.

20. In the meantime, in order to create a climate of greater confidence which would enhance the prospect for rapid progress in the Uruguay Round as a whole and as a step towards the long-term result to be expected from those negotiations, we have agreed, and call upon other countries to agree, to refrain from actions which, by further stimulating production of agricultural commodities in surplus, increasing protection or destabilizing world markets, would worsen the negotiating climate and, more generally, damage trade relations.

Developing Countries and Debt

21. We attach particular importance to fostering stable economic progress in developing countries, with all their diverse situations and needs. The problems of many heavily indebted developing countries are a cause of economic and political concern and can be a threat to political stability in countries with democratic regimes. We salute the courageous efforts of many of these countries to achieve economic growth and stability.

22. We underline the continuing importance of official development assistance and welcome the increased efforts of some of our countries in this respect. We recall the target already established by international organizations (0.7 percent) for the future level of official development assistance and we take note that overall financial flows are important to development. We strongly support the activities of international financial institutions, including those regional development banks which foster policy reforms by borrowers and finance their programs of structural adjustment. In particular:

- We support the central role of the IMF through its advice and financing and encourage closer cooperation between the IMF and the World Bank, especially in their structural adjustment lending.

- We note with satisfaction the contribution made by the eighth replenishment of the International Development Association (IDA).

- We support a general capital increase of the World Bank when justified by increased demand for quality lending, by its expanded role in the debt strategy and by the necessity to maintain the financial stability of the institution;

- In the light of the difference of contributions of our countries to official development assistance, we welcome the recent initiative of the Japanese Government in bringing forward a new scheme which will increase the provision of resources from Japan to developing countries.

23. For the major middle-income debtors, we continue to support the present growth-oriented case-by-case strategy. Three

elements are needed to strengthen the growth prospects of debtor countries: the adoption of comprehensive macroeconomic and structural reforms by debtor countries themselves; the enhancement of lending by international financial institutions, in particular the World Bank; and adequate commercial bank lending in support of debtor country reforms. We shall play our part by helping to sustain growth and expand trade. A number of debt agreements have allowed some resumption of growth, correction of imbalances, and significant progress in restoring the creditworthiness of some countries. But some still lack adequate policies for structural adjustment and growth designed to encourage the efficient use of domestic savings, the repatriation of flight capital, increased flows of foreign direct investment and, in particular, reforms of financial markets.

24. There is equally a need for timely and effective mobilization of lending by commercial banks. In this context, we support efforts by commercial banks and debtor countries to develop a "menu" of alternative negotiating procedures and financing techniques for providing continuing support to debtor countries.

25. Measures should be taken, particularly by debtor countries, to facilitate non-debt-creating capital flows, especially direct investment. In this connection, the Multilateral Investment Guarantee Agency (MIGA) should begin to serve its objectives as soon as possible. It is important to maintain flexibility on the part of export credit agencies in promptly resuming or increasing cover for countries that are implementing comprehensive adjustment programs.

26. We recognize the problems of developing countries whose economies are solely or predominantly dependent on exports of primary commodities, the prices of which are persistently depressed. It is important that the functioning of commodity markets should be improved, for example through better information and greater transparency. Further diversification of these economies should be encouraged, with the help of the international financial institutions, through policies to support their efforts for improved processing of their products, to expand opportunities through market access liberalization and to strengthen the international environment for structural change.

27. We recognize that the problems of some of the poorest countries, primarily in sub-Saharan Africa, are uniquely difficult and need special treatment. These countries are characterized by such features as acute poverty, limited resources to invest in their own development, unmanageable debt burdens, heavy reliance on one or two commodities and the fact that their debt is owed

for the most part to governments of industrialized countries themselves or to international financial institutions. For those of the poorest countries that are undertaking adjustment effort, consideration should be given to the possibility of applying lower interest rates to their existing debt, and agreement should be reached, especially in the Paris Club, on longer repayment and grace periods to ease the debt service burden. We welcome the various proposals made in this area by some of us and also the proposal by the managing director of the IMF for a significant increase in the resources of the Structural Adjustment Facility over the three years from January 1, 1988. We urge a conclusion on discussions on these proposals within this year.

28. We note that UNCTAD VII [UN Conference on Trade and Development] provides an opportunity for a discussion with developing countries with a view to arriving at a common perception of the major problems and policy issues in the world economy.

Environment

29. Further to our previous commitment to preserve a healthy environment and to pass it on to future generations, we welcome the report by the environment experts on the improvement and harmonization of techniques and practices of environmental measurement. Accordingly, we encourage the United Nations Environment Program (UNEP) to institute a forum for information exchange and consultation in cooperation with the International Organization for Standardization (ISO) and the International Council of Scientific Union (ICSU), assisted by other interested international organizations and countries, so that continuing progress in this important field can be ensured. The experts in their report should receive full attention.

30. We underline our own responsibility to encourage efforts to tackle effectively environmental problems of worldwide impact such as stratospheric ozone depletion, climate change, acid rains, endangered species, hazardous substances, air and water pollution and destruction of tropical forests. We also intend to examine further environmental issues such as stringent environmental standards as an incentive for innovation and for the development of clean, cost-effective and low-resource technology as well as promotion of international trade in low-pollution products, low-polluting industrial plants and other environmental protection technologies.

31. We welcome the important progress achieved since Tokyo, particularly in the

International Atomic Energy Agency, in enhancing effective international cooperation, with regard to safety in the management of nuclear energy.

Other Issues

32. We welcome the initiative of the Human Frontier Science Program presented by Japan, which is aimed at promoting, through international cooperation, basic research on biological functions. We are grateful for the informal opportunities our scientists have had to take part in some of the discussions of the feasibility study undertaken by Japan. We note that this study will be continued, and we would be pleased to be kept informed about its progress.

33. We welcome the positive contribution made by the Conference of High Level Experts on the future role of education in our society, held in Kyoto in January 1987.

34. We shall continue to review the ethical implications of developments in the life sciences. Following the conferences sponsored by summit governments—by Japan in 1984, by France in 1985, by the Federal Republic of Germany in 1986 and by Canada in 1987—we welcome the Italian Government's offer to host the next bioethics conference in Italy in April, 1988.

Next Economic Summit

35. We have agreed to meet again next year and have accepted the invitation of the Canadian Prime Minister to meet in Canada.

President's News Conference, June 11, 1987⁶

I have an opening statement first. I'd like to begin by serving as a sort of unofficial spokesman for all of us who've been here this week. I'm sure we all agree our stay in Venice has been comfortable and productive, and I want to express our thanks to the Italian Government and especially the people of this lovely and historic city.

Although this may come as a partial surprise to some, this has been a summit on economic issues. For all the attention certain international developments have received, I think important steps were taken in the economic sphere. The summit seven have put the capstone on a

new process for enhanced cooperation and coordination and have agreed jointly to take the policy steps necessary to assure sufficient world growth.

Implicit in all of this is our common commitment to principles that mark a turning point in public policy. I refer here to our growing desire to seek economic growth and opportunity through less government and more personal freedom. And we've seen two direct applications of these principles at this summit. First, our resolve to work together against protectionism by correcting the imbalances which are the real cause of our trade deficit—trade barriers and protectionism can only bring about contraction of international markets and a slowing of economic growth. And second, we've taken further steps toward reducing government subsidization of agriculture and moving toward a day when market signals determine the supply and demand.

I said last year that the Tokyo summit was one of the most successful I'd attended, because we had launched new initiatives in the areas of trade, agriculture, and economic policy coordination. If that's the case, then Venice must be seen as going one better, because it put form, substance, and institutional framework on those initiatives and locked in a process which will better enable us to navigate the dynamic new world of international economics.

Let me add that, in addition to these economic matters, we also had an opportunity to deal with two other pressing international issues. First, I'm pleased with the support our allies have shown for a united position in the Persian Gulf. Actually, a commitment to keeping the searoutes open in that area is a vital strategic objective. As many of you know, America's allies have a very sizeable presence in the gulf. Great Britain, for example, has nearly 18% of its naval vessels committed there and has escorted more than a hundred ships since the beginning of this year through the strait. France, too, has a strong naval commitment there. And all of our allies have reaffirmed their support for keeping the trade routes open, the oil flowing, and moving toward a negotiated resolution of the Iran-Iraq war.

As most of you also know, we're currently engaged in a highly sensitive discussion with the Soviets that could lead to a historic arms reduction treaty between the U.S. and Soviet intermediate-range missiles. Progress has been made here in Venice. And today and tomorrow Secretary Shultz will be meeting with the NATO Foreign Ministers in Reykjavik. I'm particularly grateful I had this opportunity in Venice, not only to discuss these arms reduction efforts with our allies but to agree again on the importance of reminding the Soviet Union of the progress that needs to be made in other arms negotiations, especially the reduction of strategic and tactical nuclear forces.

So, too, it's absolutely essential that we continue to seek progress from the Soviets in the human rights area as well as in regional conflicts, especially in Afghanistan. As we said in our statement, the new expressions of openness from the Soviets are welcomed, but it's important to see if their actions are as forthcoming.

Q. Not to be a downer, but back to me in recent congressional hearings, you were a key witness, General Secord and Albert Hakim, testified that they were under the firm belief that Colonel North and the NSC [National Security Council] acted with your blessing and under the full authority of you. Did they dream this up?

A. However they got that impression—and I've heard some of the testimony, also, and so much of it was hearsay—one person saying about the other that I thought they had. I told you the truth the first day after everything hit the fan: that how we had ended the negotiations that led to the things that were going on there, having nothing to do with the *contras* or the freedom fighters in Nicaragua, and that word had come to me that I had not been properly informed. So, evidently, maybe some people were giving the impression that they were acting on orders from me. I wasn't giving those orders, cause no one had asked or had told me that was truly happening there.

Q. You took the oath twice to faithfully execute the laws of the United States. Do you think that the law barring direct or indirect military aid to the *contras* applied to you?

A. I not only think it didn't, but I don't think that the law was broken. We're talking about a case of people who, on their own—individuals and groups in our country—sought to send aid to the freedom fighters. And this has gone on for quite a long time in other areas; we can go clear back to the Lincoln Brigade in the Spanish Civil War. I did not solicit anyone ever to do that. I was aware that it must be going on, of course, but never solicited either countries or the other, and would point to the law that is being cited—one of the five versions of the Boland amendment—that specifically suggested that the Secretary of State should solicit help from our friendly neighbors.

Q. You knew nothing about Colonel North's involvement in sending these arms and all of these airlifts and the airstrip and so forth?

A. No.

Q. Has this summit and the expected arms endorsement by NATO ministers in Reykjavik increased prospects for a superpower summit this year?

A. You trapped me a little bit there, because my long years in sports and sports announcing and all made me very superstitious about calling the pitcher as doing a no-hitter before the game was over. I hesitate to make optimistic statements—always have—but at the same time, I can't deny that I believe there is an increased opportunity for a summit conference and an increased opportunity for actual reductions of armaments, particularly of the nuclear kind.

Q. We understand that preliminary talks are already underway to fix a date for a summit this year with Mr. Gorbachev. Can you tell us—would September be a good guess for that?

A. I can't give you a guess. All I know is that we have made it plain that they have the invitation, and we're waiting for them. We believe that they

should state what would be the most appropriate or easiest time for them.

Q. Assistant Secretary of State Elliott Abrams repeatedly misled Congress, and yet Secretary of State Shultz says that he's a good man and he can keep his job. Is Shultz right? Can Elliott Abrams keep that job as long as he wants?

A. I know the statement that was made by the Secretary of State, and that is the Administration's position. And I know the reference that you're making to the particular point in which he himself volunteered that he had made a misstatement, but I accept the Secretary's statement on this.

Q. I'm not sure I understand. I mean, you're the President, and in the end, Mr. Abrams works for you. A couple of specifics: He specifically misled Congress about whether or not he had solicited money from Brunei. He told Congress that that downed flyer, Gene Hasenfus, had no tie to the U.S. Government. He did. I mean, you're the boss; are you comfortable with him working for you?

A. I have told you that is the Administration's position.

Q. Before you came here, many people on Capitol Hill said that they wanted you to ask our allies to help with more physical help in the Persian Gulf, and many of your officials said that you would do that. Did you specifically ask any of the leaders to give us more help in the way of ships or money to keep the sealanes open in the Persian Gulf?

A. We spoke of the need for having a kind of single approach to maintaining the international waters and so forth, and we're gratified completely by the response. I think it has been excellent that there was no criticism from any of our allies about this. And as I've said here in my opening statement, England and France which have forces there—two of the allies, it is true, are bound by their constitutions and could not do anything of that kind. But there was complete support for what we're trying to do, because they understood we're not trying to provoke any kind of hostility. We are trying to maintain peace, and

we're all solidly together in our desire to bring about an end to the Iran-Iraq war.

Q. But if I may, I take it, then, the answer to my question is no. You did not specifically ask the allies for more physical help in the gulf.

A. No, we were very satisfied with what they're prepared to do.

Q. I'd like to turn to economics, since we are at an economic summit. I'd like to ask you if you discussed with Alan Greenspan, the next Chairman of the Federal Reserve, the future

course of interest rates. And in that discussion, or at anytime, have you agreed that you think they should remain low, or do you think perhaps they should rise in order to combat inflation and the fall of the dollar?

A. Frankly, most of us believe that the dollar should remain stable. It could be within reason that there could still be some lowering of the value in relation to other currencies. But we do want to control inflation, continue to control it. We've had a miraculous 50-odd months of bringing inflation down. Now there is

something of a little surge again, in large part, precipitated by energy prices. But I have perfect confidence in Alan Greenspan and his philosophy and that what he would do would be used to curb that and not let inflation get out of hand again.

Q. Also at this summit, in a communique, there are three different references to the countries that have big federal deficits, that they should do more in order to reduce those deficits. What new initiative, new



(White House photo by Pete Souza)

President Reagan takes questions from news correspondents during his news conference of June 11.

approaches, will you take to reduce the U.S. Federal budget deficit?

A. I would like to continue and be more successful with the old methods that we've been trying, and that is to convince the Congress of the United States that our government is over-spending. Our total tax burden is 19% of gross national product, and our total spending is 24% of gross national product. Now, if you go back through history, you will find that even in prosperous times, and when deficits weren't large, 19% was the tax burden. It is the spending that has gotten out of line.

But I would also say that when this matter was mentioned in our discussions, and with regard to our very great deficit, our allies weren't aware that in 1983 our deficit was 6.3% of gross national product. Today it is only 3.9% of gross national product—that we have made an 18% cut in that deficit this year—\$40 billion or more. Very likely we'll make something of the same size next year. But also they were interested to learn that our deficit was much lower as a percentage if we used their method of counting. In the other countries, they take total government spending, and receipts; in our country, our deficit is just the Federal Government. But if we take into account Federal, State, and local spending and taxing, our deficit is only 2½% of gross national product.

Q. Since we've been in Venice, your Chief of Staff has identified the Soviet Union, along with the United States, as cotrustees for peace in the Persian Gulf. Do you share that view, and if so, what is the role the Soviet Union can play, in your view, in the area?

A. The Soviet Union has some assets there and has made it plain they're going to escort their own ships—mainly carrying oil. And therefore, they have a stake, too, in peaceful shipping and the openness of the international waters.

Q. Then how do they serve as cotrustees for peace, and also do you envision any sort of coordinated role between the United States and the Soviet Union in escorting ships around the region?

A. We would like to ask them, because we have appealed to the UN committee in which they are a member. We have appealed to the United Nations, to ask for, or demand, a peaceful settlement of this war that's been going on too many years, and that if there is not a peaceful settlement, that all of us will take action such as sanctions and so forth against them.

Q. Does that mean that you are endorsing a role for the Soviets in the Persian Gulf as coguarantors with the United States?

A. No, I've never thought of them that way at all. But I think it should be pointed out that they are also there, because they have ships transiting that in commercial shipping. And this is what we're talking about.

Q. Mikhail Gorbachev seems to have had an enhanced image here among some of the other summit leaders who've met with him. And in late European polls, people seem to outrank him as a man of peace—out-ranking you, in their opinion, as a man of peace. Why do you think that he has that very positive public image in Europe and you don't?

A. Maybe all of you could have helped change that—[laughter]—if you worked a little harder at it.

Q. Looking at the record, why do you think that—

A. Maybe because it's so unusual. This is the first Soviet leader, in my memory, who has ever advocated actually eliminating weapons already built and in place. And I shouldn't perhaps go out of the way to say that the thing that he himself has proposed, the zero-zero of intermediate-range missiles, that I proposed that 4 years ago and got in trouble with my then Secretary of State—not the present one—for saying such a foolish thing. But maybe most people have forgotten that we've been trying to get this for years. And I'm glad that he has suggested this. And we're going to continue, and we believe, as I said before, that we have a good chance of bringing about the beginning of reducing and eliminating nuclear weapons.

Q. Do you trust this opinion of Gorbachev? Do you think he is a man of peace and that he does want to sincerely reduce weapons and that a verifiable treaty can be reached?

A. As you know, I've had meetings with him. And I do believe that he is faced with an economic problem in his own country that has been aggravated by the military buildup and all. And I believe that he has some pretty practical reasons for why he would like to see a successful outcome.

Q. Do you trust him?

A. Do I trust him? He's a personable gentleman, but I cited to him a Russian proverb—I'm not a linguist, but I at least learned that much Russian—and I said to him, *Dovorey no provorey*. It means trust, but verify.

Q. Have you found that the disclosures of the Iran affair and your efforts to get the American hostages out of Lebanon have harmed you here in Europe in efforts to extradite Mr. Hamadei from Germany and, in general, in trying to get the Europeans to take strong action against terrorists?

A. No, as a matter of fact, we have all been united, and we've even strengthened our purpose since we've been here with regard to terrorism. But with regard to Hamadei in West Germany—who has been arrested there, as you know, for carrying some ammunition—[Chancellor] Helmut Kohl and I have had some talks about this. And I think it's interesting to note that the only question that remains is: Will Hamadei be tried for murder and hijacking in the United States or will he be tried for murder and hijacking in Germany? Because that is what they intend to do. There's been no decision made yet as to whether there would be extradition or not. But whichever way, he is going to be tried for the crime of killing our young Navy man in that hijacking.

Q. Your spokesman told me yesterday that Mr. Kohl had, in fact, rejected the plea for extradition and that Mr. Hamadei would be tried for murder, but in West Germany. Was he incorrect in saying that?

A. I do not know whether there's been a decision. He has never said outright to me, "No extradition." He said this is what remains to be determined: just where is he going to be tried. But I have not attempted to put any pressure on him, either.

Q. You said there was no criticism of the other summit leaders of your Persian Gulf policy, but a French Government spokesman said that your policy was so confusing they didn't know what you are asking them to support. Can you tell us what your military policy in the gulf is, and does it include the possibility of a preemptive strike if Iran does deploy the Silkworm missiles?

A. I don't think they feel that way after they've had a chance to talk to me and hear what I'm saying about it. Why, I'm saying that all of us have a stake in maintaining that body of international water open to trade. It is of vital importance to a number of countries, more so than to us, because of their needs in the energy field. But also I think they are assured now that we're not there to, as I say, provoke some kind of increased hostility. We're there to deter that very thing.

Q. What about the deployment of the missiles? Would that make you consider the possibility of a preemptive strike?

A. When you get down to actual tactics and things that might be done, you're in a field that I can't answer, nor do I think I should answer. This is like talking about tactics before—

Q. Your Chief of Staff said it would be considered a hostile act and would run the risk of reprisal.

A. As I say, I'm just not going to answer questions on that.

Q. Robert McFarlane, your former national security adviser, testified that the plan to bribe—in the words of the White House, to rescue the American hostages in Beirut that involved the DEA [Drug Enforcement Administration]—had not been the subject of an intelligence finding. My question then, is why do you feel, if you approved it, that operation did not require a finding or notification of Congress?

A. All I knew about that particular thing was that I was told that there was something going on in which it might be possible to free one or more hostages of ours and they would be delivered to the beach north of Beirut if we were able to take them off that beach. And I said, of course, with the Mediterranean fleet there, you bet we can take them off. And it wasn't until all of this exposure that then I heard that what it was about was supposedly some money for bribing some people that they thought could effect the rescue of one or more of our hostages and that had to be the thing. But it never happened, and no one ever arrived on the beach north of Beirut.

Q. Something else you also may not have heard, during the testimony it became clear that Colonel North, in addition to spending money that had been raised, presumably, for the *contras*, also, apparently, was about to receive—or arrangements had been made for him to receive \$200,000 from the Secord-Hakim operation. Do you believe that North was on the take? Whether or not you do, do you believe he's still an American hero?

A. One cannot quarrel with his military record, and it established him as such with the awards that he received for his heroism in combat. But I'm going to wait until he's had his day in court, also, and I'm not going to prejudice on the basis of all that has been going on for these countless hours.

Q. Did you find it uncomfortable or difficult to talk to your summit partners about not selling weapons to Iran and Iraq when everyone at the table knew that the Administration had done just that in the case of Iran?

A. We were not dealing with the Government of Iran. And again, I want to point out that I did not believe—I still feel as I always have—you do not ransom hostages and thus create a market for more hostages. We had been approached by individuals, some in the Government of Iran, but who said that they were trying to establish a relationship with the United States that could go into effect when and if there was a succeeding government to Khomeini. And as a matter of fact, we were given to believe that they thought that might be

sooner rather than later. And they asked for—it was almost, in comparison to the normal sales of weapons, a token—first of all, that would prove our sincerity in this but also, they frankly admitted, would enhance their ability to have the help of the military if and when this time came. And this was how we settled upon the \$12 million worth of arms.

But never—and this has been, I'm afraid, misportrayed to many—we were not doing business with Khomeini's government. As a matter of fact, the operation was covert, because we believed that the people who were trying to contact us—their lives would be in danger if it was ever found out in their home country what they were doing.

Q. But nonetheless, there was the distinct possibility—or is the distinct possibility that those weapons did end up as part of the war effort against Iraq. So, again, the question is how can the United States come to a meeting like this and ask other people not to do what it actually did?

A. And because we won't do this anymore—but as I say, we were—that amount of arms—as nearly as we can determine, in the last few years, countries involving the communist bloc, other countries in Europe and Asia, have probably provided \$10 billion worth of arms to Iran and some \$34 or \$35 billion worth to Iraq. And we have been all of this time trying to bring the war to an end. And we're going to continue to try, and as I've said, this thing that did not come to fruition—a new government and so forth. No, we will not engage in arms sales, nor do we think anyone else should. And we believe that if the UN Security Council should take the action that we're all asking them to take—but then there should be sanctions against any nation that does sell arms to either of the combatants.

Q. You challenged the summit partners the other day to try to eliminate agriculture subsidies from the world by the year 2000. And I wondered if you are going to continue to press them to do that, and how are you going to convince them to do that?

A. We're all very much agreed in his meeting on the fact that something—as we decided a year ago in Tokyo—something must be done worldwide with regard to agriculture, hat governments, all of us, are subsidizing overproduction. There is no market or much of what is being produced. And the total subsidies—our allies and ourselves right here in the summit—total round \$140 billion a year to bring this about. We are determined to go forward, and this, we have all agreed, will be continued at the Uruguay round of talks, the GATT talks that are going on. And his will be a major subject as to how we can bring back the marketplace as the determiner of production and price in farming.

Q. But how do you rate the chance of accomplishing the end of subsidies by the year 2000—13 years from now?

A. The only reason we set a figure down the road was because all of us recognized that having for several decades now accustomed agriculture to government subsidies of various kinds you can't just suddenly pull the rug out from under them. It wouldn't be fair, and we're not going to do that. But we are going to move toward—and with plenty of warning to them—that the day is coming when the marketplace will determine the price and what is needed.

Q. As you know, the joint statement on the Persian Gulf did not mention the possibility of imposing sanctions on countries that violated the proposed Security Council resolution. Your Secretary of State told us that it was a common understanding among the seven heads of state that in fact you were talking about mandatory sanctions, but other spokesmen for other governments say that's not the case. What is your understanding, and if you all did mean to endorse mandatory sanctions, why didn't the communique or the statement say so?

A. A discussion came up between the choice of the words "enforceable" and "effective." And it was decided—a case in semantics here—it was decided that "effective" meant the other, and we didn't need the other word. So, it was agreed that we would use "effective" measures.

Q. But would you say that you still have some persuading to do with the other countries before you get them to agree to this idea of sanctions?

A. Not among the seven who are here. We're pretty united on it.

President's Address to the Nation (Excerpt), June 15, 1987³

I've just returned from Venice, Italy, where I met with the leaders of the other six industrialized democracies of our yearly economic summit. You've been hearing and reading reports that nothing was really accomplished at the summit and the United States, in particular, came home empty-handed. Well, this was my seventh summit and the seventh time I've heard that same chorus.

You know—it might be appropriate—a noted bullfighter wrote a poem, a few lines of which do seem appropriate: "The bullfight critics ranked in rows fill the enormous plaza full. But only one is there who really knows, and he's the one who fights the bull."

"The truth is we came home from this summit with everything we'd hoped to accomplish. And tonight I want to report to you on decisions made there that directly affect you and your children's economic future. I also have a special message, one that's about our own economy, about actions that could jeopardize the kind of progress we made toward economic health last week in Venice as well as the prosperity that, during the last 6 years, all of us here in America have worked so hard to achieve.

But before beginning, I must make a personal note about something we saw on the last day of our journey when we stopped in Berlin to help celebrate the 750th anniversary of that noble city. I know that over the years many of you've seen the pictures and news clips of the wall that divides Berlin. But believe me, no American who sees firsthand the concrete and mortar, the guardposts and machinegun towers, the dog runs and

the barbed wire can ever again take for granted his or her freedom or the precious gift that is America. That gift of freedom is actually the birthright of all humanity; and that's why, as I stood there, I urged the Soviet leader, Mr. Gorbachev, to send a new signal of openness to the world by tearing down that wall.

I can tell you tonight that this year's economic summit in Venice was not only successful on a number of specific issues but that the spirit of consensus shown by world leaders there was particularly strong. I'm sure you remember that back in 1981, the year I attended my first summit, our own economy, as well as the global economy, was then in grave danger. We had inflation running at 10% or more in industrialized countries, not to mention high interest rates, excessive tax burdens, and too much government regulation and interference. Worse than all of this, there was virtually no agreement among world leaders on how to deal with this looming crisis.

In the intervening years, we've made progress. With the American economy leading the way, we started an international movement toward more economic growth and greater individual opportunity by lowering taxes and cutting government regulation. We brought down interest rates, cut inflation, reduced unemployment, and confounded the experts by showing that economic growth could be sustained not just for 1 or 2 years but steadily for more than 4 years.

And last week in Venice, I saw overwhelming evidence that this consensus for less government and more personal freedom continues to grow throughout the world. Indeed, part of our official discussions were about how to encourage economic development in the less-affluent nations of the world and help the millions of people in developing nations achieve higher standards of living and more productive economics.

And let's remember that this international movement toward economic freedom has made a very real difference in the daily lives of each of us here in America. All of us can remember only a few years ago when government taxation was consuming more and more of the take-home pay of American workers



(White House photo by Bill FitzPatrick)

Chancellor Kohl joins President Reagan aboard Air Force One for the trip back to Bonn.

at the very moment that double-digit inflation was eating up savings and becoming a special burden on the poor and the elderly. Today, in contrast, we are now in our 54th month of economic growth. Real family income is growing while poverty's been declining. And we've been creating an astonishing 250,000 new jobs a month in this nation, that adds up to over 13 million jobs in a little over 4 years.

Obviously, keeping this kind of progress going on at home was very much on my mind in Venice, and that's why I was pleased with many of the decisions we made there. In addition to reaffirming the broad consensus for economic

growth, we agreed to continue working against trade barriers, like high tariffs, that over the long run shrink world markets, stop growth, and reduce the number of new jobs.

In the area of agricultural subsidies as well, we made significant progress. I've been saying for some while now it's time to get speculators who merely want to take advantage of government subsidies out of the agricultural business and give farming back to the farmers. I think it's notable that so many American farmers today would like to see agriculture in the United States and abroad return to the free market basis. They know government subsidies in other countries are causing a worldwide glut

of farm products and a shrinking market for American goods. Our aim should be to eliminate farm subsidies by the year 2000, and I will continue to press for this commitment.

But it was a real step forward to get this issue on the summit agenda, and I think the fact our urgings were heeded indicates the kind of responsiveness our summit partners showed toward American concern. They know how much we rely on each other; and they're aware of how much their own future depends on what we do here in the United States, how important keeping America economically sound and strong is to them. They know, too, that the economic progress we've made together has enabled

democracies to rebuild their defenses, keep peace in the world, and strengthen our alliances.

I was particularly gratified, for example, for the support our allies gave our Persian Gulf policy; it was extended without hesitation. Our allies know the strategic value of this area and are hard at work there for the same purposes as our own. In fact, Great Britain is committed a higher proportion of its fleet to the gulf than we have and since January has provided protection to over 100 U.K. flag vessels. France, too, has committed naval strength to the gulf. Germany and Japan, while they can't institutionally deploy military forces, are also working actively to seek other ways to be helpful.

Our own role in the gulf is vital; it is to protect our interests and to help our friends in the region protect theirs. Our immediate task in the gulf is clear and could not be exaggerated. It is to escort U.S. flag vessels, a traditional role of the navy and one which it has carried out in the gulf as well as in other areas.

Most recently there's been some controversy about 11 new U.S. flag vessels that've been added to our merchant fleet. Let there be no misunderstanding: We will accept our responsibility for these vessels in the face of threats by Iran or anyone else. If we fail to do so simply because these ships previously flew the flag of another country, Kuwait, we would abdicate our role as a naval power, and we would open opportunities for the Soviets to move into this chokepoint of the free world's oil flow. In a word: If we don't do the job, the Soviets will. And that will jeopardize our own national security as well as our allies.

Our current dealings with the Soviet Union were also discussed in Venice, and I think every American can be gratified by the sense of unity and support our allies expressed. As most of you know, we're currently engaged in highly sensitive negotiations with the Soviets that could lead to a historic arms reduction treaty on intermediate-range missiles, or as we say, INF. This matter was also discussed last week with the NATO Foreign Ministers in Iceland. I have received Secretary Shultz's report on his NATO meeting, and I'm pleased to tell you that we and our allies have reached full consensus on our negotiating position.

Six years ago the United States proposed a step called the zero option, the complete elimination of U.S. and Soviet land-based, longer range INF missiles. At the time, many labeled it ridiculous and suggested the Soviets would never accept it. We remained determined, and this year the Soviets adopted a similar position. So, tonight I can tell you that, with the support of our allies, the United States will also formally propose to the Soviet Union the global elimination of all U.S. and Soviet land-based, shorter range INF missiles, along with the deep reductions in—and we hope the ultimate elimination of—longer range INF missiles. I am now directing our INF negotiator to present this new proposal to the Soviet Union as an integral element of the INF treaty, which the United States has already put forward in Geneva.

And as we and our allies pursue this historic opportunity, let's keep in mind the favorite word of a great lawmaker and great member of the Democratic Party, the late Senator "Scoop" Jackson: that word is "bipartisanship." For it's only with the support of Congress, as well as the help of our allies, that we will be able to accomplish those historic arms reductions.

There was also strong agreement in Venice on the importance of pressing the Soviet Union for progress on other important arms negotiations, such as our effort to cut 50% in strategic forces. So, too, we were agreed on the need for Soviet progress in the human rights area as well as regional conflicts, especially Afghanistan. And while we welcomed the new expressions of openness from the Soviets, we said it's time to see if their actions are as forthcoming.

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¹Text from Weekly Compilation of Presidential Documents of June 8, 1987.

²Recorded on June 5 at the Villa Condulmer in Veneto, Italy (text from Weekly Compilation of Presidential Documents of June 15).

³Text from Weekly Compilation of Presidential Documents of June 22.

⁴Press release 125 of June 11.

⁵Mohammed Ali Hamadei is a Lebanese Shi'ite Moslem accused of perpetrating the 1985 hijacking of TWA flight #847 and the murder of Robert D. Stethem.

⁶Held on the grounds of the Hotel Cipriani in Venice (text from Weekly Compilation of Presidential Documents of June 22).

⁷Eugene Hasenfus was a crewmember on a plane that was shot down in Nicaragua. He was charged by the Nicaraguan Government with supplying the Nicaraguan democratic resistance with military supplies. ■

Visit to the Holy See and West Germany

President Reagan had a private audience with His Holiness Pope John Paul II on June 6, 1987. He visited Berlin and Bonn on June 12 before returning to the United States.



(White House photo by Bill Fitz-Patrick)

President's Remarks After Meeting With His Holiness, The Vatican, June 6, 1987¹

Your Holiness, I am truly grateful for the opportunity to visit with you again in this place of peace. You've always said that the power of love for our fellow man is stronger than the evils that befall humankind. And one feels the power of that strong moral force here in this holy city of St. Peter, just as we see it in your courageous and compassionate leadership.

Your Holiness, on my last visit here, I urged you to carry your ministry to the southern and western sections of the

United States, and you graciously agreed, and I know that all America looks forward to your arrival in September. You will find in our country a deeply religious people, a people devoted to the same ideals and values you so eloquently champion: a striving for peace and justice, human rights, and, above all, our duty as fellow creatures of God to love one another.

Not long ago, Your Holiness, you visited Canada where you spoke passionately of the moral obligation of the wealthier nations to share with those less fortunate. Recently, I also traveled to Canada and said it's time that we take up the challenge, to share our prosperity with the underdeveloped nations, with generous aid, yes, but also in the most effective way we know: by sharing the conditions that promote prosperity.

You have spoken eloquently of "the moral causes of prosperity," among them hard work, honesty, initiative, thrift, spirit of service, and daring. In many countries today, we see economic revolutions founded on this basic tenet: that the sources of prosperity are moral ones, that the spirit and imagination of man freed of statist shackles is a revolutionary force for growth and human betterment.

In your travels, you've inspired millions, people of all races and all faiths, who have felt the intensity of your desire for peace and brotherhood among men. As you embark on a pastoral visit to the land of your birth, Poland, be assured that the hearts of the American people are with you. Our prayers will go with you in profound hope that soon the hand of God will lighten the terrible burden of brave people everywhere you yearn for freedom, even as all men and women yearn for the freedom that God gave us all when he gave us a free will.

We see the power of the spiritual force in that troubled land, uniting a people in hope, just as we see the powerful stirrings to the East of a belief that will not die despite generations of oppression. Perhaps it's not too much to hope that true change will come to all countries that now deny or hinder the freedom to worship God. And perhaps we'll see that change comes through the reemergence of faith, through the irresistible power of a religious renewal. For despite all the attempts to extinguish it, the people's faith burns with a passionate heat; once allowed to breathe free, that faith will burn so brightly it will light the world.

Your Holiness, when I last visited you, our representative in Vatican City was a personal envoy. Now, I'm happy to say, America is represented here by a full-fledged diplomatic mission at the ambassadorial level. The consequence of our efforts deserves nothing less, for we join with the Holy See in our concern for a world of peace, where armaments are reduced and human rights respected, a world of justice and hope, where each of God's creatures has the means and opportunity to develop to his or her full potential.

Your Holiness, I'm reminded of the passage from the Bible of St. Peter walking out on the water after Christ. We know that as long as he kept his eye on our Savior, as long as his faith was strong, he was held up, but as soon as his faith faltered, he began to sink. Your Holiness, with gentle chidings and powerful exhortations you have con-

tinually directed our thoughts to the spiritual source of all true goodness and happiness.

At the opening of the Second Vatican Council, in which you played such an important role, Pope John XXIII spoke of the duty of every Christian to "tend always toward heaven." In your great courage and compassion, in your piety and the boundless energy with which you carry out your mission, you have set an example for the world. It's an example that challenges us all to live a life of charity, to live a life of prayer, to work for peace, and, in that beautiful phrase of John XXIII, to "tend always toward heaven."

I know that today marks the beginning of a very important time for you personally and for the people of your faith, for it's this day that you begin the observance of a year of prayer and devotion to the Virgin Mary with a worldwide prayer for peace. I wish you great joy, happiness, and fulfillment in the coming months.

And I thank you, Your Holiness, and may God bless you.

President's Address, Brandenburg Gate, West Berlin, June 12, 1987²

Twenty-four years ago President John F. Kennedy visited Berlin, speaking to the people of this city and the world at the City Hall. Well, since then two other presidents have come, each in his turn, to Berlin. And today I, myself, make my second visit to your city.

We come to Berlin, we American presidents, because it's our duty to speak, in this place, of freedom. But I must confess, we're drawn here by other things as well: by the feeling of history in this city, more than 500 years older than our own nation; by the beauty of the Grunewald and the Tiergarten; most of all, by your courage and determination.

Perhaps the composer, Paul Lincke, understood something about American presidents. You see, like so many presidents before me, I come here today because wherever I go, whatever I do:

Ich hab noch einen Koffer in Berlin. [I still have a suitcase in Berlin.]

Our gathering today is being broadcast throughout Western Europe and North America. I understand that it is being seen and heard as well in the East. To those listening throughout Eastern Europe, I extend my warmest greetings and the good will of the American people. To those listening in East Berlin, a special word: although I cannot be with you, I address my remarks to you just as surely as to those standing here before me. For I join you, as I join your fellow countrymen in the West, in this firm, this unalterable belief: *Es gibt nur ein Berlin.* [There is only one Berlin.]

Berlin and Freedom

Behind me stands a wall that encircles the free sectors of this city, part of a vast system of barriers that divides the entire Continent of Europe. From the Baltic south, those barriers cut across Germany in a gash of barbed wire, concrete, dog runs, and guard towers. Farther south, there may be no visible, no



White House photo by Terry Arthur

President Reagan at Brandenburg Gate, West Berlin.

obvious wall. But there remain armed guards and checkpoints all the same—still a restriction on the right to travel, still an instrument to impose upon ordinary men and women the will of a totalitarian state.

Yet it is here in Berlin where the wall emerges most clearly; here, cutting across your city, where the newsphoto and the television screen have imprinted this brutal division of a continent upon the mind of the world. Standing before the Brandenburg Gate, every man is a German, separated from his fellow men. Every man is a Berliner, forced to look upon a scar.

President von Weizsaecker has said: the German question is open as long as the Brandenburg Gate is closed. Today I say: as long as this gate is closed, as long as this scar of a wall is permitted to stand, it is not the German question alone that remains open but the question of freedom for all mankind. Yet I do not come here to lament. For I find in Berlin a message of hope—even in the shadow of this wall, a message of triumph.

In this season of spring in 1945, the people of Berlin emerged from their air-raid shelters to find devastation. Thousands of miles away, the people of the United States reached out to help. And in 1947, Secretary of State—as you've been told—George Marshall announced the creation of what would become known as the Marshall Plan. Speaking precisely 40 years ago this month, he said: "Our policy is directed not against any country or doctrine but against hunger, poverty, desperation, and chaos."

In the Reichstag, a few moments ago, I saw a display commemorating this 40th anniversary of the Marshall Plan. I was struck by the sign on a burnt-out, gutted structure that was being rebuilt. I understand that Berliners of my own generation can remember seeing signs like it dotted throughout the western sectors of the city. The sign read simply: "The Marshall Plan is helping here to strengthen the Free World."

A strong, free world in the West, that dream became real. Japan rose from ruin to become an economic giant. Italy, France, Belgium—virtually every nation in Western Europe saw political and economic rebirth. The European Community was founded.

In West Germany and here in Berlin, there took place an economic miracle, the "*Wirtschaftswunder*." Adenauer, Erhard, Reuter, and other leaders understood the practical importance of liberty—that just as truth can flourish

only when the journalist is given freedom of speech, so prosperity can come about only when the farmer and businessman enjoy economic freedom. The German leaders reduced tariffs, expanded free trade, lowered taxes. From 1950 to 1960 alone, the standard of living in West Germany and Berlin doubled.

Where four decades ago there was rubble, today in West Berlin there is the greatest industrial output of any city in Germany—busy office blocks, fine homes and apartments, proud avenues, and the spreading lawns of parkland. Where a city's culture seemed to have been destroyed, today there are two great universities, orchestras and an opera, countless theaters and museums. Where there was want, today there's abundance—food, clothing, automobiles—the wonderful goods of the Ku'damm.

From devastation, from utter ruin, you Berliners have, in freedom, rebuilt a city that once again ranks as one of the greatest on Earth. The Soviets may have had other plans. But, my friends, there were a few things the Soviets didn't count on—*Berliner Herz, Berliner Humor, Ja, und Berliner Schnauze*. [Berliner heart, Berliner humor, yes, and Berliner cheek.]

In the 1950s, Khrushchev predicted: "We will bury you." But in the West today, we see a free world that has achieved a level of prosperity and well-being unprecedented in all human history. In the communist world, we see failure, technological backwardness, declining standards of health, even want of the most basic kind—too little food. Even today, the Soviet Union still cannot feed itself. After these four decades, then, there stands before the entire world one great and inescapable conclusion. Freedom leads to prosperity. Freedom replaces the ancient hatreds among the nations with comity and peace. Freedom is the victor.

And now the Soviets themselves may, in a limited way, be coming to understand the importance of freedom. We hear much from Moscow about a new policy of reform and openness. Some political prisoners have been released. Certain foreign news broadcasts are no longer being jammed. Some economic enterprises have been permitted to operate with greater freedom from state control.

Are these the beginnings of profound changes in the Soviet state? Or are they token gestures, intended to raise false hopes in the West or to strengthen the Soviet system without changing it? We welcome change and

openness. For we believe freedom and security go together—that the advance of human liberty can only strengthen the cause of world peace. There is one sign the Soviets can make that would be unmistakable, that would advance dramatically the cause of freedom and peace.

General Secretary Gorbachev, if you seek peace, if you seek prosperity for the Soviet Union and Eastern Europe, if you seek liberalization: come here, to this gate. Mr. Gorbachev, open this gate. Mr. Gorbachev, tear down this wall.

Efforts To Reduce Arms

I understand the fear of war and the pain of division that afflict this continent—and I pledge to you my country's efforts to help overcome these burdens. To be sure, we in the West must resist Soviet expansion. So we must maintain defenses of unassailable strength. Yet we seek peace. So we must strive to reduce arms on both sides.

Beginning 10 years ago, the Soviets challenged the Western alliance with a grave new threat—hundreds of new and more deadly SS-20 nuclear missiles, capable of striking every capital in Europe. The Western alliance responded by committing itself to a counterdeployment unless the Soviets agreed to negotiate a better solution—namely, the elimination of such weapons on both sides. For many months, the Soviets refused to bargain in earnestness. As the alliance, in turn, prepared to go forward with its counterdeployment, there were difficult days—days of protests like those during my 1982 visit to this city—and the Soviets later walked away from the table.

But through it all, the alliance held firm. And I invite those who protested then—I invite those who protest today—to mark this fact: because we remained strong, the Soviets came back to the table. And because we remained strong, today we have within reach the possibility, not merely of limiting the growth of arms, but of eliminating, for the first time, an entire class of nuclear weapons from the face of the Earth.

As I speak, NATO ministers are meeting in Iceland to review the progress of our proposals for eliminating these weapons. At the talks in Geneva, we have also proposed deep cuts in strategic offensive weapons. And the Western allies have, likewise, made far-reaching proposals to reduce the danger of conventional war and to place a total ban on chemical weapons. While we pursue these arms reductions, I pledge to

you that we will maintain the capacity to deter Soviet aggression at any level at which it might occur. And in cooperation with many of our allies, the United States is pursuing the Strategic Defense Initiative—research to base deterrence not on the threat of offensive retaliation but on defenses that truly defend; on systems, in short, that will not target populations but shield them.

Promoting Liberty and Openness

By these means, we seek to increase the safety of Europe and all the world. But we must remember a crucial fact: East and West do not mistrust each other because we are armed. We are armed because we mistrust each other. And our differences are not about weapons but about liberty. When President Kennedy spoke at the City Hall those 24 years ago, freedom was encircled, Berlin was under siege. And today, despite all the pressures upon this city, Berlin stands secure in its liberty. And freedom itself is transforming the globe.

In the Philippines, in South and Central America, democracy has been given a rebirth. Throughout the Pacific, free markets are working miracle after miracle of economic growth. In the industrialized nations, a technological revolution is taking place—a revolution marked by rapid, dramatic advances in computers and telecommunications.

In Europe, only one nation and those it controls refuse to join the community of freedom. Yet in this age of redoubled economic growth, of information and innovation, the Soviet Union faces a choice. It must make fundamental changes, or it will become obsolete.

Today thus represents a moment of hope. In the West stand ready to cooperate with the East to promote true openness—to break down barriers that separate people, to create a safer, freer world. And surely there is no better place than Berlin, the meeting place of East and West, to make a start.

Free people of Berlin: today, as in the past, the United States stands for the strict observance and full implementation of all parts of the Four-Power Agreement of 1971. Let us use this occasion, the 750th anniversary of this city, to usher in a new era—to seek a still fuller, richer life for the Berlin of the future. Together, let us maintain and develop the ties between the Federal Republic and the Western sectors of Berlin, which is permitted by the 1971 agreement.

750th Anniversary of Berlin

PROCLAMATION 5665, JUNE 8, 1987*

Berlin, one of the world's great cities and the largest German city, this year observes its 750th anniversary. This is cause for celebration for Berliners and for all Germans, and also for the people of the United States and the rest of the world.

The history and character of Berlin and its people give powerful testimony about human nature and its capabilities. After three-quarters of a millennium and many shocks and reversals through the ages, Berlin is yet a young city—young with all the capacity of the human spirit to renew itself, to strive and to seek, to build anew and create, and, most of all, to hope. Time and again, Berlin has overcome desolation and isolation with will, energy, and courage. Even now, its spirit towers over the wall that presently divides the city.

Today Berlin remains close to the spiritual center of the Western world. Americans have a special affinity for Berlin that goes beyond formal political or economic ties, because we feel a kinship with its spirit of strength and creativity and because we see our own hopes and ideals mirrored in the deep attachment of its people to freedom and its blessings. Thousands of Americans—

scholars, service men and women and their families, business people, diplomatic personnel, and so on—live in Berlin and make vital contributions to the life of the city. We have helped Berlin grow, and we have shared its spirit.

As we near the end of the 20th century, we see that Berlin, though ancient, is a city of the future. We know that the courageous and freedom-loving spirit that has guided so much of Berlin's past will help ensure a future of freedom for all mankind in the years to come. "*Berlin bleibt doch Berlin*—Berlin is still Berlin."

NOW, THEREFORE, I, RONALD REAGAN, President of the United States of America, by virtue of the authority vested in me by the Constitution and laws of the United States, do hereby recognize Berlin's 750th Anniversary, 1987. I call upon the people of the United States to join in celebrating and honoring Berlin's 750th anniversary with appropriate ceremonies and activities.

IN WITNESS WHEREOF, I have hereunto set my hand this eighth day of June, in the year of our Lord nineteen hundred and eighty-seven, and of the Independence of the United States of America the two hundred and eleventh.

RONALD REAGAN

And I invite Mr. Gorbachev: let us work to bring the Eastern and Western parts of the city closer together so that all the inhabitants of all Berlin can enjoy the benefits that come with life in one of the great cities of the world.

To open Berlin still further to all Europe, East and West, let us expand the vital air access to this city, finding ways of making commercial air service to Berlin more convenient, more comfortable, and more economical. We look to the day when West Berlin can become one of the chief aviation hubs in all Central Europe.

With our French and British partners, the United States is prepared to help bring international meetings to Berlin. It would be only fitting for Berlin to serve as the site of UN meetings, or world conferences on human rights and arms control, or other issues that call for international cooperation.

There is no better way to establish hope for the future than to enlighten young minds, and we would be honored to sponsor summer youth exchanges, cultural events, and other programs for young Berliners from the East. Our French and British friends, I'm certain, will do the same. And it's my hope that an authority can be found in East Berlin to sponsor visits from young people of the Western sectors.

One final proposal—one close to my heart. Sport represents a source of enjoyment and ennoblement, and you may have noted that the Republic of Korea—South Korea—has offered to permit certain events of the 1988 Olympics to take place in the North. International sports competitions of all kinds could take place in both parts of this city. And what better way to demonstrate to the world the openness of this city than to offer in some future year to hold the Olympic games here in Berlin, East and West?

Berlin's Voice of Affirmation

In these four decades, as I have said, you Berliners have rebuilt a great city. You've done so in spite of threats—the Soviet attempts to impose the East-mark, the blockade. Today the city thrives in spite of the challenges implicit in the very presence of this wall. What keeps you here?

Certainly there's a great deal to be said for your fortitude, for your defiant courage. But I believe there's something deeper, something that involves Berlin's whole look and feel and way of life. Not mere sentiment—no one could live long in Berlin without being completely disabused of illusions—something, instead, that has seen the difficulties of life in Berlin but chose to accept them, that continues to build this good and proud city in contrast to a surrounding totalitarian presence that refuses to release human energies or aspirations. Something that speaks with a powerful voice of affirmation, that says yes to this city, yes to the future, yes to freedom. In a word, I would submit that what keeps you in Berlin is love—love both profound and abiding.

Perhaps this gets to the root of the matter, to the most fundamental distinction of all between East and West. The totalitarian world produces backwardness because it does such violence to the spirit, thwarting the human impulse to create, to enjoy, to worship.

The totalitarian world finds even symbols of love and of worship an affront. Years ago, before the East Germans began rebuilding their churches, they erected a secular structure—the television tower at Alexander Platz. Virtually ever since, the authorities have been working to correct what they view as the tower's one major flaw, treating the glass sphere at the top with paints and chemicals of every kind. Yet even today when the sun strikes that sphere—that sphere that towers over all Berlin—the light makes the sign of the cross. There in Berlin, like the city itself, symbols of love, symbols of worship, cannot be suppressed.

As I looked out a moment ago from the Reichstag, that embodiment of German unity, I noticed words crudely spray-painted upon the wall—perhaps by a young Berliner—"This wall will fall.

Beliefs become reality." Yes, across Europe, this wall will fall. For it cannot withstand faith. It cannot withstand truth. The wall cannot withstand freedom.

And I would like, before I close, to say one word. I have read, and I have been questioned since I've been here, about certain demonstrations against my coming. And I would like to say just one thing, and to those who demonstrate so. I wonder if they have ever asked themselves that if they should have the kind of government they apparently seek, no one would ever be able to do what they're doing again.

President's Departure Remarks,

Bonn,

June 12, 1987¹

My talks with Chancellor Kohl and his colleagues have fulfilled all my expectations. They confirm, as his words here have confirmed today, that relations between the United States and the Federal Republic are those of close allies and friends.

Chancellor Kohl and I, together with other allies and partners, have already had the opportunity in Venice to address many of the major issues confronting the world today. There, important steps were taken to ensure the continued economic progress and freedom for our nations.

Here in Bonn, we talked, in particular, about progress in arms reductions and East-West relations. Chancellor Kohl and I agree fully on the necessity of continuing our close consultations as we pursue our common goals of reducing the danger to Europe posed by the threatening policies and military might of the Warsaw Pact. We

share deep satisfaction with NATO's 1979 double-track decision on intermediate nuclear forces—INF.

It was controversial when the alliance first agreed upon it, yet time is proving it an unequivocal success. We hope to reach agreement with the Soviet Union before the end of 1987, which would drastically reduce and possibly eliminate a class of nuclear weapons that poses a particular threat to our friends and allies in Europe and Asia.

As we proceed in our quest for a safer and more stable peace, I look forward to continuing close cooperation and consultation with Chancellor Kohl and his government.

And I would like to add something here also. Much is said each year about these economic summits with the heads of state of seven countries and our meetings and whether they accomplish much or whether they don't. I have to tell you, they would accomplish much if we did nothing but meet and just talk to each other—because we have become close friends. We use our titles in public as protocol requires. But when we meet together we're on a first-name basis, and we're not meeting as much as heads of states, as we're meeting as close, personal friends who look forward to renewing our friendship with these meetings and with others in between when we can manage it.

So this has been a wonderful several days for us to be here, to be in Venice, then to be in Berlin earlier today and to be here, and to know that we're with dear friends. And so, we say goodbye to all of you, and we say a very personal goodbye to our dear friends, Chancellor Kohl and Mrs. Kohl, and the others whom we've met.

And God bless all of you, and may we all soon meet again. Thank you.

¹Made in the Papal Library at the Pontifical Palace (text from Weekly Compilation of Presidential Documents of June 22, 1987).

²Text from Weekly Compilation of Presidential Documents of June 22.

³Made at Kohl-Bonn Airport (text from Weekly Compilation of Presidential Documents of June 22). ■

NATO: The Best Investment in Peace

Excerpts from an address by Vice President Bush at the University of New Hampshire commencement in Durham on May 23, 1987.

Whether you're going on to graduate school, on to a career, or still considering your next step, today is your day. It's for you to reflect back on what you've done, or maybe what you haven't done. And it's a day for you to think ahead to the challenges that each of you will face once you leave Durham.

The 1990s will bring a dramatically new set of challenges from the ones we faced in the 1970s and 1980s. You're moving into a society based on information and knowledge, an economy fully integrated into the global market, and a world where change is the rule, not the exception.

Yet through all of this, some things should never change. Just north of here lies the Canadian border, the longest unguarded border in the world between two countries, symbolizing the long friendship between our two countries. To me, it's a reminder of a broader point: America's role in the world. We are part of a great worldwide coalition of democracies. This is a tremendous achievement because this alliance of free nations has maintained world peace and security for four decades. It's something all of us—and our allies—are enormously proud of.

Our strong alliance is a blessing all of you should appreciate. The alliance has been fundamental to ensuring that the United States remains a land of opportunity—your opportunity. And as you go forward into the world, it will be your generation's responsibility to maintain and strengthen the alliance.

When the Atlantic alliance was formed nearly 40 years ago, its purpose was to protect freedom and prevent a war in Europe between the West and the Soviet Union. It has succeeded. The past four decades represent the longest period of peace Europe has enjoyed in this century.

Arms Control Negotiations

And if the democracies maintain their strength and their solidarity, there are more successes ahead. We're engaged now with the Soviet Union in important negotiations on arms control. Previous negotiations tried to put a cap on the arms race or tried to slow it down, but they didn't even succeed at that very

well. Today we may be on the verge of a truly historic agreement that mutually and verifiably reduces a whole category of nuclear weapons.

In our current arms control negotiations with the Soviets, our objective is carefully defined; we seek the best possible agreement, consistent with the security of the free nations. An agreement that leaves the democratic nations less secure is no triumph; in fact, it's against America's interest.

We should never make a deal simply for the sake of making a deal. And we will never sign an agreement that puts at risk the interests or security of our allies—and that includes our allies in Asia in addition to our allies in Europe.

The Soviets say they want to reduce nuclear weapons. Well, that was our goal before it was theirs. The United States will certainly meet halfway on any treaty that calls for equitable, verifiable, and stabilizing reductions. But in Europe, the Soviets clearly have unstated political objectives.

First, they want to decouple Western Europe from the United States.

Second, they want to weaken NATO defenses.

America's response is clear: NATO is the cornerstone of our national security policy, our strategy for peace. We will not allow the Soviets to split or weaken the alliance.

For 20 years, the defense strategy of the Atlantic alliance has been based on the principle of flexible response—having the capability to deter a Soviet challenge at any level of force. That's the right strategy, and we must maintain it.

American troops will continue to be committed, alongside allied forces, on West European soil—backed up by the American nuclear guarantee. The alliance needs to enhance its conventional strength. And the United States needs to continue its modernization of strategic forces and other nuclear forces that are the backbone of the NATO deterrent.

Right now, the focus of the negotiations is on INF—American and Soviet intermediate-range nuclear forces. When the Soviets, 10 years ago, started deploying their SS-20 missiles, with multiple warheads aimed at our allies in Europe and Asia, NATO decided to deploy a counterweapon—and to offer negotiations to eliminate or reduce those weapons on both sides. In February 1983, I traveled to five countries in

Western Europe to consult our allied leaders and to tell the people of Europe about our willingness to ban all INF weapons or, failing that, our willingness to help them by deploying our own INF missiles. The Soviets said "no" to getting rid of the weapons—so the NATO countries began deployment.

Our allies showed enormous political courage in doing so, facing down emotional protests from the radicals. Sometimes the protests got violent. When I returned to West Germany in July 1983, demonstrators stoned the motorcade and literally attacked the car that Chancellor Kohl and I and our wives were riding in. It was an ugly incident. And it brought home to me just how steadfast our allies had been to persevere.

Those were tense times. The Soviets boycotted all nuclear arms talks for a year and a half, trying to magnify the domestic pressures on Western governments. But in the end, the West showed its determination to maintain the vital military balance that has kept the peace. The Soviets had tried to get NATO to disarm unilaterally. But when they saw a unified Atlantic alliance, they came back, in 1985, to serious negotiations on mutual reductions.

NATO Strength and Solidarity

There's an important lesson in all this. Strength and solidarity are the keys to success. Strength and solidarity are what brought the Soviets back to the bargaining table to negotiate arms reduction seriously.

And that's where we are today. We are close to an agreement that will result in both the United States and the Soviet Union reducing their stockpiles of INF weaponry. Just how much we can achieve remains to be seen.

But, agreement or not, the Soviets have not abandoned their political strategy. The Soviets enjoy a vast superiority in conventional arms in Europe. The Warsaw Pact has 50% more combat divisions than NATO. Getting rid of all nuclear weapons makes moral sense, as our President has said, but only if we also correct the conventional arms imbalance and strengthen deterrence in other ways.

Today we're consulting closely with our allies on all the issues of the INF negotiation. It's a real consultation; we're not pushing our own preference. After all, the weapons being negotiated are on European soil and involve their defense.

Whatever consensus we arrive at, I can assure our allies that America has no intention of "decoupling" or weakening our commitment to the European defense. NATO is the best investment in peace we have ever made.

Strategic Defense Initiative

Today we are making a new investment in peace for tomorrow's world. I am referring to our Strategic Defense Initiative (SDI). For a generation, nuclear deterrence has been based on the threat of offensive retaliation. This offensive-based strategy has been referred to as "mutual assured destruction," or "MAD" for short. Wouldn't it be better to base deterrence on systems that protect human lives instead of threatening them—on mutual assured survival.

Successful research on SDI can lead to an effective defensive shield, one that lifts from the shoulders of mankind the fear of nuclear annihilation. It is both moral and logical to look for a solution that is better than mutually assured destruction. The Strategic Defense Initiative has strong moral underpinnings.

The whole idea behind SDI is to put weapons at risk, not people. A deterrent strategy based on strategic defenses—coupled with deep reductions in offensive forces—could offer us the most stable and secure environment of all.

Preserving Freedom and Peace

A few moments ago, I mentioned my trip to West Germany in 1983. While I was in Germany, I also visited a small village called Moedelreuth on the eastern border.

I'll never forget that town. Down the main street ran a high concrete wall topped with densely packed barbed wire.

On one side of that wall, the communist side, everything was done with a cold, military precision. Machinegun-toting soldiers patrolled the streets, and attack dogs ran on chains along the wall. On our side of the wall, the villagers were peacefully going about the ordinary business of their daily lives—women at the market shopping for their families; children ran in the streets and played ball in a grassy meadow; men went about their chores with a robust energy.

Our side of the wall was alive. And their side of the wall was lifeless, gray—hopeless. The guns were trained on their own side to keep their own people from running to freedom. The contrast was absolutely chilling. And that experience brought home to me the importance of what John Kennedy called the "long twilight struggle."

The challenge before us in the future is to continue to defend freedom and champion democracy around the world. We must keep the peace. That's what it's all about.

In the future—if we don't turn our backs on the world, but remain engaged; if we resist the temptations of isolationism and protectionism; if we remain true to our values and ideals and resist paralyzing self-doubt—then I believe we can look at the years ahead with confidence and hope. We can set foreign policy goals that include resolving some of the major conflicts of world affairs—not simply managing them but actually resolving them.

The future can find the United States and the Soviet Union, although still adversaries, nevertheless having found a path toward deep reductions in nuclear arms, as well as having banned those insidious chemical and biological weapons from the face of the earth. We can make the world a safer place.

Now, you may be wondering what all of this talk about alliances and missiles, walls, and angry demonstrators has to do with your being here in this lovely setting. In the broadest sense, what I've been talking about has everything to do with you and the tremendous opportunities that lie open to you.

When your fathers and uncles graduated from high school or college, they faced the draft. You don't have that obligation. You have the opportunity to serve proudly in our armed forces, but only if you choose to. Your range of choices is so wide open, in large part, because our alliance has kept the peace and helped bring an unprecedented period of global prosperity.

I sincerely hope some of you will choose careers in public service. But whatever path you choose, dwell for a moment on the fact that where we are today and the blessings that we enjoy have not just happened.

The democratic nations have preserved and protected freedom and peace. This is a process which must continue if your children, when they graduate from college, will take part in an America that is every bit as proud and as prosperous as we are today. ■

Secretary's Visit to Asia and the Pacific

Secretary Shultz visited the Philippines (June 13-17), Singapore (June 17-20) to participate in the Association of South East Asian Nations (ASEAN) postministerial conference, Australia (June 20-23), and Western Samoa (June 23).

Following are his statements and news conferences made on various occasions during the trip.

ARRIVAL STATEMENT, MANILA.

JUNE 13, 1987¹

I am very pleased to be back again in the Philippines. Much has happened since my last visit almost 1 year ago. In that short time, Filipinos have made remarkable progress in the process of democratic renewal. A new constitution, which provides the framework for democratic government and protects individual freedoms, is now in place. A new congress, chosen in perhaps the freest and fairest election in modern Philippine history, will convene in July, completing the reestablishment of fully democratic government institutions at the national level. I understand that the final step in the process will be elections or local government to take place later this year. Filipinos continue to set an example for the world by their deep commitment to democratic elections. The voter turnout in both last February's plebiscite on the constitution and in last month's congressional elections was remarkable. It surpassed by far the standards of most Western democracies. We in the United States continue to draw inspiration from the vitality of Philippine democracy.

Progress in the Philippines in the past year has not been limited to the political sphere. There has also been rapid progress on the economic front. From all indications, the market-oriented economic reforms now in place are resulting in the best economic performance for the Philippines since 1982.

The United States remains convinced that our interests—as well as those of the Philippines—can best be advanced by continuing to act as a reliable partner of our Philippine ally. As President Reagan told President Aquino during her justly acclaimed visit to the United States last September, the

United States is committed to supporting our relationship by encouraging U.S. investment, strengthening our trade ties, and providing significant levels of economic and military aid.

I look forward to my discussions with President Aquino and members of her government. I see my visit as an opportunity to build on the close and productive relations which already exist between the United States and the Philippines.

SIGNING CEREMONY STATEMENT,

MANILA,
JUNE 16, 1987²

I take great pleasure in signing today a \$175 million economic assistance package for the Philippines. This latest element in the expanded American economic assistance program is designed to enhance government revenues and contribute significantly to development in the countryside.

The assistance is part of the overall American economic assistance program for this year of \$368 million in grant aid. Several weeks ago, our governments signed an agreement covering another major element of that program—\$150 million in budget support to help advance the Philippine Government's economic reform program.

The package that we have signed today has four important components:

- \$33 million for continuation of two projects to design and implement the highly successful small-scale rural development program which funds projects focusing on increasing rural income and productivity;
- \$15 million for the purchase of heavy engineering equipment to facilitate road grading and other essential services in rural areas;
- \$51 million program for larger scale development projects which will respond to needs in transportation, telecommunications, and rural electrification; and
- Two grant food assistance agreements totaling \$76 million in wheat which will strengthen both the balance of payments and government revenues in this critical first year of vigorous economic growth.

I am pleased to note that last week, we were able to increase this food assistance by \$13 million to provide the appropriate quantity and type of wheat, despite recent price increases.

We have also been able to provide significant increases in military equipment and supplies in the past few weeks. The U.S. forces have delivered 10 utility helicopters to the Armed Forces of the Philippines to assist in the priorities of medical evacuation and ground mobility in the countryside. Moreover, I can announce that we have completed delivery of the final segment of the \$10 million in emergency medical equipment and supplies which President Reagan pledged to President Aquino during her visit to the United States.

We are pleased to be able to provide assistance for the innovative and ambitious economic reform program now underway. Emerging growth in trade and investment, in combination with these enlightened economic policies and expanding economic assistance, should assure recovery and strong growth in the years ahead.

It's a great privilege for me to participate in this ceremony and again to have a chance to shake hands with you in the spirit of looking to the future.

NEWS CONFERENCE, MANILA.

JUNE 16, 1987³

First, I'd like to express my appreciation to President Aquino and other members of the Philippine Government and the Philippine business community who have treated me with great cordiality here. It's a pleasure to come again and to see first-hand and hear first-hand about the great accomplishments that have taken place since I last visited the Philippines. And, of course, they're making an honest prophet out of me when I said over a year ago I was bullish on the Philippines. Here they have produced a 5½% real growth rate, important constitutional changes, the election of a new legislative body, and a great variety of good things. There are many problems ahead, we all know. But it is a most impressive performance. So I'd like to say again: I'm still bullish on the Philippines.

Q. At the palace today in your toast, you said something about the Philippines having the responsibility to solve their insurgency problem, but in a way acceptable to all of the Filipino people. Do I detect in that a note of caution from the United States that its help will be a contingent on the Philippine Government observing basic human rights and a cautionary word, in particular, about the vigilantes?

A. That wasn't intended as a cautionary word in any sense. But I think one of the outstanding things about the way President Aquino has gone about the effort to get at the insurgency is the process of inviting them, in the context of a new environment and a new government and a new attitude, to come out of the hills and join in the society—and her effort at reconciliation, her effort at negotiation. All of these things represent a hand out to the people in the insurgency. At the same time, unfortunately, there are too many in the insurgency who use methods of violence. It is clear enough, and President Aquino has put it very well, that the government must use its capacity, by its strength, to enforce law and order.

As far as the citizens groups are concerned, as I understand it, these are being organized within the framework of governmental authority. They aren't sort of free-floating vigilante groups. President Aquino has supported that approach, and we support what she's standing for there.

Q. Is this the \$176 million part of the \$900 million pledged by Ronald Reagan in connection with the revised Military Bases Agreement?

A. I couldn't hear the question, although I think I—you are asking whether the \$175 million for which I signed today is part of the already announced program, is that the question?

Q. Is this part of the 1983 pledge of Ronald Reagan regarding—in connection with the Military Bases Agreement? The \$900 million?

A. There was a pledge of best efforts for the period from 1985 through 1989 for a total of security and associated economic assistance of \$900 million. And I think when the date arrives, it will turn out that the amount will be over a billion dollars. So the United States will meet fully the commitment to use our best efforts to get that sum of money.

Q. So the \$176 million is not part of the \$900 million?

A. No, those are part of—those are economic support funds and they are part of it.

Q. The economic support fund is part of the \$900. Is—

A. I'm sorry, I just can't understand what—

Q. The \$176 million, you said, is part of the economic support fund which, from my studies, it is part of the \$900 million pledged by Ronald Reagan in 1983. So then the \$176 million is part of the \$900 million.

A. The way it works is that there was a commitment on the part of the United States to use its best efforts to support, to the tune of \$900 million, for the period of time I identified. That's a general pledge. As time goes along, proposals are made by the President as part of our budget to Congress. The Congress considers our requests and it's actually the Congress that appropriates funds; and they do that from year to year. And as funds are appropriated, then programs are put together jointly between the Philippines and the United States as to exactly what it is that's going to be supported. Then the particular projects that are identified, or in some cases it's general support, are then funded. So what I signed today was part of that process.

Q. Some members of the Philippine congress have expressed a preference for an arrangement on the bases that would be a pure rental agreement. What is your approach to that proposal?

A. First, as I have said, the best-efforts pledge of the United States will certainly be fulfilled—more than fulfilled. But as far as the idea is concerned, the concept—that the concept should be one of rent; that is, the Philippines makes certain bases available to the United States and the United States pays rent for its use of them. I don't think that's a good concept. The idea that we have been working from all over the world is that the presence of U.S. forces in a particular area is viewed by both the United States and the country involved—in this case the Philippines—as a contribution to stability in that country and in that part of the world.

We have forces, for example, in many countries of Europe as part of our joint effort with our European friends to deter aggression and maintain peace in Europe. And it's a joint enterprise. In some cases, there are economic and security assistance payments in connection with that, and in the case of a few countries, mostly the countries involved,

pay for the maintenance of the bases, as is also true in Japan. It's also true, in certain respects, in Korea.

That is the basic concept, that we should be doing something that's mutually beneficial. And I think in the case of the bases at Clark Field and Subic Bay, the presence of the United States there is something that contributes to stability here and stability throughout the region.

I'm going from here to a meeting of the ASEAN countries, and I know each year, as I talk with the foreign ministers of those countries—conscious as they are of the increased Russian presence in Vietnam, Cambodia, Cam Ranh Bay, and the strength of the Chinese—they're interested in having the U.S. presence because they feel that it contributes to stability.

That is the concept, not a rental concept. It's something that's viewed as mutually beneficial, but which, in the light of the capabilities of the United States, is accompanied by funds to support the security assistance and the economic development of the country.

Q. Do I take it then that the U.S. Government is not amenable to a nuclear-free zone for the region?

A. Our view is that the nuclear-free zones are basically not a good idea at this point. And the reason is this: Peace in the world depends upon our ability, along with others but primarily our ability as a major nuclear power, to deter aggression, and it's the deterrent capability that maintains the peace.

When you place restrictions and declare more and more ideas around the world nuclear-free zones—I might say, restrictions which, if we sign, the United States would observe, although others that have nuclear capability might not observe. But when you declare more and more places nuclear-free zones, you erode the ability to deter aggression and deter war. Since we all have a stake in peace and stability, anything that weakens the deterrent capability is destructive of peace and stability. That's why we oppose the nuclear-free zones.

Q. I'd like to find out about the military aid. There was \$50 million that was approved during the visit of President Aquino in the United States. And then there was another talk about \$50 million under consideration in the House of Congress. Can you give us the latest on this? Is it approved?

A. We are seeking to add to our security assistance for the fiscal year 1987—that's the year we're now in—by \$50 million. The President proposed that

as part of a supplement to the FY 1987 budget. We persuaded the House of Representatives in committee to put it into that budget, but in the action on the floor of the House of Representatives, it got knocked out—not because of any lack of support for the Philippines but because of various legislative maneuverings.

In the Senate, in effect, this money has been put into their bill—it's structured in a little different way, but basically it's there. And so, now, when the Senate bill goes to conference with the House bill, it is our hope—and we are working to try to help bring it about—that the House will accept the Senate version, and in which case, basically the money would be forthcoming. But it's part of a general bill the Philippine part of which is not controversial, but there are other aspects of the bill that are controversial.

You don't know just how all of this is going to come out. But the main point is, there is broad support in the Congress for help to the Philippines as well as, of course, the President's own proposal. That being the case, I hope that in one way or another, we can bring it forward, but the legislative situation is complicated enough so that I can't stand here and say for sure that that will happen.

Q. This is a followup question to your point about the anti-nuke zone in the region. We were able to get a secret document which quoted several American officials as saying that they would be against the ASEAN Foreign Ministers coming up with a strong statement on the nuke provision in the postministerial meeting in Singapore, and that should they decide to do so, to implement, to establish such a zone, ASEAN access to this American market would be affected. Any reaction to this?

A. I don't know about secret documents, so I can't comment on whatever it is that you've obtained. I doubt that there is such a document, and that's not the approach that we would take. You don't have to have a secret document to know the position that we have. I've just said it here, on-the-record. And as far as our relationship with the ASEAN countries is concerned, it's strong with each country. We have supported the ASEAN organization, and we will continue to do that. We'll work out our problems. As a matter of fact, I'm a little surprised that all the emphasis on this here, because quite a few of the ASEAN Foreign Ministers have told me that they are opposed to this proposal.

Q. With regard to the bases: Your meeting this morning with the congressmen-elect, they mentioned that you were insistent on using the term "aid" rather than "rental." If the Philippines insists on using the term "rental," is there any possibility or will there be any moves on the part of your government to pull out from the bases?

A. I've tried to explain why it is that I think an idea other than rental is more appropriate. After all, we're talking here about two independent, large, important, sovereign countries. And we have a working arrangement between us that is mutually satisfactory. The present arrangement runs until 1992, and there will be a time before long when discussions will start about what to do when that date arrives. What positions people will take is something that remains to be seen, and I don't want to make unequivocal statements of one kind or another here.

But I do want to make it clear that I think the statement, the concept, of doing something that is mutually beneficial is the right concept—not one in which one party rents something from another party, implying that the party that does the renting is really not too happy about it, that it's just a matter of finance. It isn't a matter of finance; it's a matter of security and mutual benefits, and that's the way I think it should be looked at.

**STATEMENT.
ASEAN POSTMINISTERIAL
CONFERENCE,
SINGAPORE,
JUNE 18, 1987***

This year's meeting between ASEAN and its dialogue partners has special meaning. You will celebrate ASEAN's 20th anniversary when your heads of government gather in Manila in December. These 20 years have seen a remarkable transformation in the landscape of Southeast Asia, and ASEAN has been largely responsible for making that transformation one of peace and growing prosperity.

We have a long and, what looks to be, a productive agenda, reflecting the wide range of interests our countries share. Before we begin our discussion, however, I would like to focus on several of the issues before us.

The tragic conflict in Cambodia continues, threatening regional security and prolonging the agony of the Khmer people. Your steadfast stand against Vietnamese aggression has been a bulwark

in preserving stability in this region, and it has offered hope to the Cambodian people. We all agree it is imperative to keep pressure on the Vietnamese to end their occupation. Essential to this effort is continued support to the noncommunist resistance. Also essential is the continued isolation of Vietnam. That isolation is a result of its own policies. Without a change in those policies, its people will continue to pay a heavy price.

Our position on diplomatic and economic ties with Hanoi remains unchanged: We will not move toward normalizing relations with Hanoi until a settlement has been reached, acceptable to ASEAN, which involves the withdrawal of Vietnamese forces from Cambodia.

In recent months, we have all noticed signs of what we hope suggest movement toward a settlement. Those signs are fitful, vague, and sometimes mutually contradictory. Perhaps no one knows what really lies behind them. By all rational standards, Hanoi's own interest should lead it to begin withdrawing its forces from Cambodia, but to date the Vietnamese appear to have taken no concrete steps in that direction. The next move is up to Hanoi. Nevertheless, we need to consider what we can do to move things toward a settlement. We all want to see a just settlement which provides for Khmer self-determination and ensures that Pol Pot and the Khmer Rouge do not return to power.

I'd like to turn to an issue of intense concern to the United States—the POW/MIA issue. The hopeful process of cooperation with Vietnam on the POW/MIA issue was halted by the Vietnamese last year. President Reagan has named Gen. Vessey [retired Chairman, Joint Chiefs of Staff] as his special emissary, in an effort to resolve this tragic legacy of the war. We are prepared to move forward when we have established a firm foundation that will assure progress without linkage to other differences between us. We appreciate ASEAN's efforts urging them to cooperate, recognizing, as we do, that it is in Vietnam's best interests as well. Delay will bring them no advantage. It can only separate our peoples further.

Refugees

In the years since 1975, the ASEAN countries have been generous and humane in providing asylum to those fleeing oppression in Indochina. At the same time, the United States and others represented here have responded by opening their doors and their pocket-books to resettle the vast majority of

those who originally arrived in first asylum. In spite of our respective responses, the problem remains: People are still forced from their homelands by repressive policies and cruel occupation. There is growing concern in some first-asylum countries that the resolve of the resettlement countries is beginning to wane. There is growing concern in the United States and other resettlement countries that the principle of first asylum may be in danger.

I want first to reassure you that the commitment of the United States to resolving the Indochinese refugee problem is as strong today as it has ever been; and second, to urge all of you to reaffirm your own commitment to that same goal. It has become clear to all of us that the refugee problem in this part of the world is an enduring one, and we must realize that solving it will be a long-term process for all of us.

For our part, we will continue to resettle refugees in substantial numbers. We will continue our financial and moral support of those organizations which provide protection and assistance to refugees and displaced persons in the region. We will encourage other countries to maintain their share of the resettlement effort as we work to find lasting solutions which will make resettlement itself less necessary. But just as donor nations must reconfirm their commitment to humanitarian aid to refugees, first-asylum states must reconfirm their commitment to humanitarian treatment of all seeking asylum. Those countries which have screening and repatriation agreements already in place should make every effort to make them function effectively and humanely, with the continued involvement of the UN High Commissioner for Refugees (UNHCR).

While the countries of asylum and the countries of resettlement have our roles to play, we should never lose sight of the fact that the cause of this problem we are all forced to deal with does not lie with any of us. Rather it lies squarely inside Indochina, and it will not be resolved until the Vietnamese play a constructive role in resolving it. I would urge every one of you here today, especially our ASEAN colleagues, to engage Hanoi actively in this problem. In particular, you can be helpful in making clear to the Vietnamese that allowing broader access to smoothly functioning orderly departure programs would be welcomed by ASEAN as a gesture of good faith. This is in the interest of the refugees, the settlement countries, ASEAN, the Vietnamese themselves, and stability and progress in the region.

I might say parenthetically that, as I came here from Manila, a fact well-known in our Congress, I received a letter from two Republican and two Democratic Senators welcoming the fact that the refugee problem was clearly on the agenda and stating their support for the points that I have just made to you. I make the point that I speak not only for the Administration but for the broad bipartisan consensus that has stood behind this program and made it so strong in the United States.

Economic Issues

Several of us at this table have just come from the Venice summit, and economic issues are very much on our minds. We want to brief you on the results of the summit, but we also need to get your views on other economic matters. In particular, I would like to discuss what we can do to bring about a more open trading environment.

All of us depend, to a greater or lesser extent, on foreign trade for our economic health, and we are faced with protectionist pressures from many directions. Let me just say, in that connection, that people refer to protectionist pressures in the United States. There is a difference between pressures for protection and protection itself. We in the United States resist the pressures, we hope will be able to do so successfully, and we call upon those who already have excessive protection to bring it down. An outstanding way to do that is through the Uruguay Round, and we have worked together to begin the Uruguay Round, and we must continue to cooperate to help the GATT (General Agreement on Tariffs and Trade) talks bear fruit.

I know the ASEAN countries are worried about the adverse effects on proposed protectionist legislation in my country and in the other dialogue partner countries. It is important that you keep the pressure on all of us. It is also important, however, to recognize the drastic changes afoot in the international economy. Export-led growth has worked well for many nations, including those in ASEAN. But the mature economies of the world are beginning to face painful problems of restructuring. New information-based industries and services are supplanting more traditional manufacturing processes and products of international commerce. Moreover, the U.S. economy will, inevitably, make the adjustments necessary to move from a deficit to a surplus trade balance in order to service our growing foreign

debt. In my view, this will happen more rapidly than many observers now predict.

I'd like to just take note of the fact that the huge U.S. trade deficit has emerged not because of a flaw in U.S. exports but because of soaring U.S. imports. So the market, so to speak, in which the United States has to compete effectively, is the U.S. market. And we do speak that language. At any rate, I think the consequences, the strategy—the universal strategy of aggressive export-led growth—is becoming less effective. It is not arithmetically possible for every country in the world to be a net exporter at the same time. And the huge U.S. deficit which we all decry has been, in a sense, the place into which everyone's export-led strategy for growth has gone. The huge surpluses of Japan and Germany have fed on this deficit. So something will have to give here, and it will be, possibly, a traumatic experience.

Beyond that, demand has slackened for many commodities, and competition is widening and intensifying in the export of agricultural products, textiles, steel, autos, and consumer electronics. And, most serious of all, the efforts of many nations to expand exports, while maintaining barriers to protect their own domestic markets, are a powerful stimulus to destructive protectionism everywhere.

Thus, while you must keep up pressure on us to eschew protectionist policies, you must act, too. I can do a better job of convincing the Congress to leave our door open to imports if more of our trading partners open their doors wider. This year, we have seen real progress in this regard. For example, I am especially gratified at the forward movement some of you have made in extending intellectual property rights protection since we last met in New York in October. I hope that this momentum, built up so rapidly in the last year, will continue and that you can take other steps needed to compete in today's emerging international economy.

**STATEMENT,
ASEAN-U.S. DIALOGUE,
SINGAPORE,
JUNE 19, 1985**

There are many things which Americans admire about the ASEAN countries and the organization you have so successfully nurtured and strengthened. Perhaps the most attractive attribute to us is your sense of pragmatism. ASEAN was born with high hopes; the ideals which you

esponse are far-reaching. This is good, for all human endeavor needs a noble vision to strive for. But your successes have come in areas where you have measured your capabilities realistically, decided your priorities wisely, and expended your efforts to the fullest within those priorities.

The best example is your response to the Vietnamese invasion of Cambodia. You saw your security—your very existence—threatened when overwhelming Soviet-supported force was used to bring about political change in your own backyard. You knew that aggression could not go unchallenged. But you were faced with an army of over a million men, flush with victory within Vietnam and then in Cambodia. Clearly, you were not able to repel the invaders yourselves.

So what did you do? Each of you had, and still has, different perspectives on Vietnam and its eventual place in the region. Yet you have managed, in the face of the clear threat posed by invasion and occupation of a close neighbor, to come together and forge a common position. You undertook practical action at the United Nations, in other international organizations, and with other interested parties, designed to show Hanoi that the world does not and will not accept aggression. At the same time, you have been tireless in pursuit of a settlement which will protect the interests of all parties involved and reflect the will of the Cambodian people. You have sustained this position now for 8 years, flexible in your approach, but adamant in resisting efforts to weaken your resolve. The Cambodian issue is not over yet, but, as we discussed yesterday, there are signs things might be moving in the right direction. When a peaceful settlement does come to Cambodia, it will be due, in no small measure, to the clear-headed, consistent, and practical approach which you in the ASEAN countries have taken.

In the economic field, while your achievements so far have been more limited, you have also shown a pragmatism which has allowed your efforts to continue and build momentum toward a time when greater cooperation will benefit all and, therefore, be possible. Your economies, for reasons of geography, history, and plain chance, are largely competitive. This limits the scope for common action like investment exchange or freer trade.

And so you have focused your efforts in areas where cooperation is more feasible, for example, adopting a common front in dealing with the rest of the world. You have worked closely together

in commodity negotiations, as we in the United States have discovered to our chagrin at times. By combining together, you have multiplied your impact in the GATT, becoming a strong, positive force in the Uruguay Round. You work together effectively to influence the policies of the dialogue partners. By concentrating your efforts on doing the do-able and avoiding extravagant schemes with no chance of success, you have enhanced your credibility and drawn the admiration, and sometimes envy, of the rest of the world. You have also built a base for doing more in the future.

Your flexibility and pragmatism will be challenged, perhaps, as never before, as your opening statement suggested, over the next few years as the world economic system adjusts to the inevitable, and in my view, possibly rapid decline in the U.S. trade deficit. Given the importance of exports, particularly exports in manufactures, to all of your countries, you are going to have to work hard to diversify your markets. While you may be able to maintain your current market share in the United States, you clearly will not be able to look to the United States to take major increases in your exports—not necessarily because of U.S. protectionism but simply because of the adjustments the U.S. economy will have made in order to service our large and growing external debt.

ASEAN's achievements have been remarkable. Other countries in other parts of the world have tried what you are doing and have foundered. It may be that differences among them are too great to overcome or they have been held back by too ideological an approach. Of course, the countries of ASEAN have also not been able to do everything you have wanted. Poverty and hunger still exist in the region. War continues in Cambodia, and a large and hostile army remains on Thailand's border. But you have succeeded where others have failed. You know where you are going, and you know what it takes to get you there. You know the magnitude of the obstacles you face, and you know what you can and must do to overcome them. The spirit of pragmatism permeates your work; it is what makes ASEAN the unique organization it is today.

We are always happy to come to these annual dialogue partner meetings and, perhaps of more significance, happy throughout the year, day-to-day, month-to-month, to work with each country here, as well as with the ASEAN group as a group.

NEWS CONFERENCE. SINGAPORE. JUNE 19, 1987*

First, I want to express my appreciation to my host, the Foreign Minister of Singapore, Mr. Dhanabalan, and to all of the people of Singapore for their very cordial and hospitable reception. I am very pleased to have had a chance to participate in this 20th postministerial dialogue partners meeting. This is my fifth go-around on these meetings. They are always interesting, and they are always productive, businesslike, worthwhile discussions. We have had exchanges on many subjects, most particularly the questions of Cambodia, of Indochinese refugees, and various aspects of the international economic scene. I expressed firm support of the United States for ASEAN's efforts to keep the pressure on Vietnam to end its occupation of Cambodia and support for ASEAN's efforts to bolster the noncommunist resistance and to bring about self-determination for the Cambodian people.

As far as refugees are concerned, I expressed the continuing readiness on the part of the United States to help resolve this human tragedy, no matter how long it takes. Of course, we must remind ourselves that the reason for these refugees is the nature of the Government of Vietnam. That is what is producing the problem.

I reaffirmed our commitment to an open international trading system. We worked together very effectively with the ASEAN countries in the Uruguay Round, in getting it started, and now that it is going on. Of course they are concerned, as I am and everyone is, about the problems of protection around the world, including in the United States. We will, of course, be fighting against that. All-in-all, these discussions have been very productive and I am pleased to have had a chance to take part in them.

Q. On the airplane the other day you said something which we would like you to follow up on. You said on Cambodia that the Soviets have been developing their presence in Cambodia. Can you tell us more about that? Can you put any numbers on it?

A. I can't put any numbers or precision on it, but it is a general impression having to do with port facilities, but I am not able to pin it down more than that.

Q. Can you say what kind of a presence it is? Is it military advisers?

A. No, it is more, I believe, a question of having access to facilities which can be very useful to them. It is something that we just see like a cloud on the horizon.

Q. The South Korean Government is reported to be contemplating martial law to deal with the demonstrations there. Do you think that is a good idea?

A. We have, of course, been concerned about the difficult problems that we now see in Korea, and we have been in close touch with the Korean Government. Our advice is to somehow resume the process of dialogue between the government and the opposition so that a method of establishing a democratic tradition can be worked out in a mutually agreeable way. It is a difficult but extremely important matter for the people of Korea to see accompanying their marvelous economic performance a continuation of the transition to a more democratic form of government. It is a tricky, difficult problem, and we want to help in every way we can to see them do it. The resumption of dialogue, I think, is a key.

Q. You have heard a presentation from the ASEAN on the concept of a nuclear-free zone—nuclear-weapon-free zone in Southeast Asia. Did they make you understand better why they want to have this treaty?

A. I think the reasons are reasons that we all share. We are all concerned about nuclear weapons. President Reagan has said that his dream is to see the day when we can get rid of them. The President has been conducting a process of arms control different from any process of nuclear arms control that has ever gone on before, namely, a process designed to reduce the level of nuclear arms. We share those concerns and share that outlook.

However, it is also the case that the basic peace in the world, not that there haven't been important conflicts, but the basic peace in the world has been kept through nuclear deterrence. As long as the Soviet Union has massive nuclear weapons, it is essential that the United States be able to have the weapons needed to deter aggression. Therefore, we are very reluctant to see the spread of so-called nuclear-free zones, because they tend to lessen the ability to keep the peace through our deterrent capability. That is the main point.

Q. You seem to have emphasized the U.S. support for noncommunist factions in Cambodia. Is there an

international effort to eliminate the Khmer Rouge, and if there is one, would the United States support a joint effort to get rid of Khmer Rouge?

A. The problem with Pol Pot and his supporters is that they have a track record in government that is a very reprehensible one. We can never support a return to power by that group. We support the noncommunist resistance, joining ASEAN in that effort.

Q. Did you discuss about the U.S. bases and insurgency problems in the Philippines?

A. When I was in the Philippines, we discussed the economic growth that has returned to the Philippines following their economic reforms. They have got their economy now growing. For the first time in several years, it is estimated at a little over a 5% rate.

We discussed the fact that through an arduous process of 16 months, the Philippine Government has put into place a new constitution and people elected to a legislative, as well as, of course, President Aquino, clearly legitimated by virtue of the consent of the Philippine people. I think it is by now quite clear to everyone that the communist insurgency, however desirable it may be to entice people out of the hills to join in the new situation on a nonviolent and democratic basis, the communist insurgency, nevertheless, is strong and completely ready to use violent means to overthrow or otherwise affect this very legitimate and strong governmental process that the people of the Philippines have put there.

We certainly discussed that, and, of course, the United States has supported the efforts of President Aquino and her government to improve the professionalization and the general capabilities of the Philippine Armed Forces and to put it in a position to take this insurgency on and put it down.

Q. How about U.S. bases?

A. The U.S. base question really hasn't come up in any strong way. They are there. We have an agreement that continues until 1992. It will be reviewed next year, and that's something for the future.

The only question that has come up is a conceptual one. And that is, what to call the flow of funds from the United States to the Philippines, in the light of the fact that we have the privilege of using the bases. Some argue that it would be good to call that flow of money "rent." We, in the United States, are reluctant to use that term and that concept, and we don't use it anywhere in

the world. We believe that it is more in keeping with the dignity of two sovereign states and more in keeping with the genuine nature of what the bases are about; to regard our presence there with the Philippine Government as being something that works to the mutual advantage of both governments. It helps the United States to be there, and it helps the people of the Philippines in their security, as well as the people of the ASEAN region of which the Philippines are a part, to have the U.S. presence there. It's a matter of mutual advantage.

At the same time, in the light of the circumstances of the two countries, the United States has pledged its best efforts to see that a certain specified flow of funds goes forward. And I think that when the period from 1985 to 1989—during which the United States pledged to use its best efforts to have a flow of about \$900 million—when 1989 is through with, and you look back on that period, I feel quite confident that the flow will exceed a billion dollars. We will have more than met the best efforts pledged. But that's the only question that's come up, and is strictly a conceptual one, but one that's important to the sense of purpose and sovereign dignity of both countries.

Q. There have been some renewed calls on Capitol Hill for sanctions in South Korea, in light of all the problems they are having there. How do you feel about that, and I'd like to ask if you could assess what impact these demonstrations are having on the ability of this dialogue to be started?

A. There are difficulties in South Korea, but I think it is entirely inappropriate every time there are difficulties somewhere for people to start screaming about sanctions. The problem is quite the reverse: to work with the people of South Korea and the various leaders of South Korea, to help them find their way back to the dialogue that can produce the constructive result that we want and that they want, recognizing that it's not easy, that they're trying to do something that they've never done before. We need to exercise a strong sense of purpose and go about it that way. That's what we're doing. They are in no doubt about our views and our readiness to help in this process.

Q. And on the assessment of the demonstrations?

A. I've said, I think, that they are obviously having a difficult time. Just how to assess the breadth of the demonstrations is a little—apparently

there is quite a lot of uncertainty about how widespread they are, but at any rate it's clear that they are in difficult times.

Q. Can you assess the impact of what the United States is trying to do in South Korea and on the prospects for resuming the dialogue if the South Korean Government was to declare martial law?

A. There are various gradations of actions that the South Korean Government can take to deal with the problem of potential violence. Just what they're going to do, I'm not sure. We see various rumors and of course, we, through our Ambassador, Mr. Lilley, are in very close touch with their authorities. But what we think is necessary is a set of processes that contain the potential of violence and are consistent with restarting the dialogue that we think is a desirable component of this process.

Q. What's your response to Mr. Dhanabalan's remarks this morning on the ASEAN-U.S. initiative?

A. This is an initiative involving or proposing a discussion between ASEAN and the United States about economic matters, the kind of structured and systematic examination of the way we interact, the nature of problems and how to deal with them, and to examine whether or not there aren't some additional things that we could do that would operate to our mutual advantage. Our reaction to that is a very positive one. We will work at this. We do have a lot of continuing contact between the United States and ASEAN throughout the year, and it's highlighted each year by this dialogue partner meeting. But we have meetings in Washington and New York and various other places, so it's a continuing dialogue. But I have designated the Under Secretary of State for Economic and Agricultural Affairs, Mr. Wallis, who is here, as a person ready to lay out the works, so-to-speak, on this initiative and I invited Mr. Dhanabalan to designate somebody, and I'm sure that he'll do so, and we'll get to work on this. It's a constructive idea.

Q. Can you tell us, in your discussions with Mr. Dhanabalan, did you touch on either the topic of press freedom in Singapore and the action that Singapore has taken against *Time* magazine and the *Asian Wall Street Journal*, or on the subject of the 16 detentions made recently in Singapore on allegations of a Marxist conspiracy?

A. We—to use your phrase—touched on both of those. In fact, we discussed those issues rather extensively, and we have expressed our views involving

freedom of the press. The other matter of the 16 people you mentioned is something that is taking place within the framework of the laws of Singapore and the courts, and I am not going to make any comment on it.

Q. I was wondering if you could discuss just briefly what you will be raising in your forthcoming Australian visit by yourself and Mr. Weinberger [U.S. Secretary of Defense] and also perhaps the current concerns of the United States in the South Pacific region, particularly in regard to New Zealand and its withdrawal from the ANZUS alliance?

A. This meeting that we will be having in Sydney this year is something we do annually. At one time, we did it with Australia, New Zealand, and the United States. Since New Zealand has basically opted out of ANZUS, the United States and Australia do it together. Last year we did it in San Francisco and this year in Sydney. And we have a useful and traditional agenda. We look at security matters and developments in this part of the world carefully together. The Australians have put out a new defense program. We talked about that last year, and we will talk about that again. We share views about economic developments in this part of the world and, more generally, throughout the world. That is the general nature of the discussion.

It has been a very useful kind of exchange and, as I say, been scheduled a long time. I always look forward to it, particularly when I come to Australia, a country that I know rather well.

Q. Given the coup in Fiji and the type of Soviet and Libyan activity in the region, will there be more emphasis on security issues, or do you expect some new element in the talks?

A. Of course when we talk about security issues, we talk about the South Pacific area. And we have done that. The United States, as you know, has had a long process of negotiations going on for several years, finally culminating successfully in negotiating a tuna fishing agreement with the island states. We are very pleased to have that completed, and we share views about what is taking place. I make a point each year as I come here to stop at one of the island states to let people see our interest and concern and readiness to be helpful. Our naval ships call, as do Australian ships. This is an exchange that helps us as to the information base that we are both working from and allows us to coordinate our efforts to a degree, as we do with other countries. For example, I

have discussed this whole subject carefully with Mr. Kuranari, the Foreign Minister of Japan, and followed with great interest his trip through the South Pacific several months ago. That is a very useful thing to do. I am sure that the problems in Fiji will come out, and we will want to explore them.

Q. Does the United States support continued French nuclear testing in the South Pacific and the French Government's proposals for a self-determination referendum in New Caledonia? Is the United States concerned at the widespread hostility which these French actions have aroused in and around the South Pacific?

A. We are concerned about the hostility. At the same time, the French nuclear capability is part of the deterrent force that I spoke of earlier. If you are going to have operative nuclear weapons, you have to have a place to test them. Now, we are, of course, very interested to see and hear assurances from France that its testing program is totally safe and is completely consistent with undertakings that there be no possible venting or anything that is dangerous as a result of its test.

From the standpoint of the United States, we do not test in this region; we test in our own country. As far as the other main concern that I have heard expressed—namely, the question of waste—neither we nor France nor Britain make any waste disposals in the Pacific at all.

As far as the French handling of New Caledonia is concerned and the questions around it, that is something for the parties concerned to work out. Obviously, there is a great appeal to the idea of self-determination, let people vote and decide what they wish. At any rate, we will see how this process proceeds.

Q. Does the United States accept that the French tests are safe?

A. Yes.

Q. The Government of Vietnam has changed and put some new people—or rather, some old people in charge. Are you more or less optimistic or pessimistic at this change?

A. As far as we can see, the nature of the people who have now emerged seems to snuff out what seemed like possible, potential flexibility in the situation. It does not seem to be consistent with their known postures. So it is a rather discouraging matter.

Nevertheless, the strategy that we and ASEAN have, I think, remains absolutely the correct strategy. That strategy is: number one, to support the noncommunist resistance; number two, to do everything we can to isolate the aggressor, Vietnam, economically and diplomatically. That is being done successfully; and number three, if there comes a time and when there comes a time that Vietnam is ready to talk sense—and sense meaning to get their troops out of Cambodia and participate in arrangements whereby the people of that country can establish their own government—if it gets to the point where it is ready to talk about that, be ready to do so. That is the strategy. It is a good strategy. Sooner or later, it will work.

I cannot help but believe that in the recent travel of the Soviet Foreign Minister through this part of the world, as he went to Bangkok and he went to Jakarta and went to Hanoi, that the price the people of Vietnam are paying for what they are doing is extraordinarily high. You just have to visit the cities and see for yourself. And of course, the message of the refugees, people voting with their feet, is a message about the nature of the regime and the undesirability of what it is doing.

Q. You mentioned the economic isolation of Vietnam. To what extent are you concerned that some countries in the West, notably Japan, and some ASEAN countries, notably Singapore, are doing big trade with Vietnam and perhaps eroding this isolation policy?

A. I don't think that it is taking place on any particular scale. And to the extent that it takes place at all, it is not sanctioned by the policies of the governments concerned. They are opposed to it. I think there is a consistent support for the policy of economic and diplomatic isolation on the part of these governments. Of course, the votes in the United Nations each year are stunning affirmations of the world's view that Vietnam has no business occupying Cambodia and should get out.

STATEMENT.
U.S.-AUSTRALIA
BILATERAL TALKS,
SYDNEY,
JUNE 22, 1987

Thank you very much for your welcoming remarks. I am very pleased to join Secretary Weinberger in bringing you the greetings of President Reagan and the warm good wishes of the American

people. We always look forward to visiting Australia, and particularly this beautiful city, and I must say, Bill [Foreign Minister Hayden], you've turned the weather on this morning, and I can only fault you for having this meeting indoors, rather than looking out over this wonderful harbor.

ANZUS continues to be a key link in the global network of alliances that has kept the peace for over four decades. Important as these alliances are in deterring aggression, their strength, in the final analysis, derives from a common recognition that peace is indivisible and that collective efforts are necessary to ensure the common good.

I have just come from meeting with our NATO allies halfway around the world. The cohesion and strength of that alliance has been a critical factor in achieving progress toward what we hope will be the first major reduction in the nuclear arsenals of the superpowers, leading to a safer and more secure world. As I pointed out in a press conference in Reykjavik, that cohesion is based on the fact that we have had a strong pattern of consultation, and we take each other's concerns into account.

Just as the NATO alliance—one of the most successful the world has ever seen—emerged from the lessons of World War II, the ANZUS alliance grew out of cooperative defense links forged in a common struggle to ensure the security of this region. Thirty-five years later, our commitment to security here in the South Pacific remains as strong as in Europe.

Despite the severe test that ANZUS has faced over the years, it remains an effective security structure reflecting our pattern of close consultations and our mutual respect for each other's concerns.

We continue to regret New Zealand's absence from these councils and await the time when its policies will permit restoration of a full role in ANZUS. To this end, we have sought to keep the ANZUS framework intact to facilitate a return to trilateral defense cooperation when circumstances permit.

Fortunately, the South Pacific has been a region of relative tranquility in a turbulent world. This has provided an environment within which the newly emerging states have been able to foster democratic institutions free from the threat of outside interference.

However, this is not a time for complacency. Recent developments in Fiji have demonstrated that we cannot take the stability of local governments for granted.

We also share your rejection of political opportunism and destructive interference by outside forces in the South Pacific. As your government has been so effective in pointing out, the efforts by Libya to sow discord and subversion within the region should be a cause of concern to regional governments. Your recognition of the unwelcome role Libya has begun to play in the region was demonstrated by your firm action in closing the Libyan People's Bureau and expelling Libyan diplomats.

Nor can we forget that the Soviet Union, which has used its support for Vietnamese armed intervention in Cambodia to establish in Cam Ranh Bay the largest Soviet military base outside the Soviet Union, is engaged in a fishing expedition in the South Pacific aimed at increasing its regional presence. What are they fishing for? We can assume that the Soviet Union will go on taking diplomatic, commercial, intelligence, and other initiatives in the region, aimed in part at undercutting vital alliance interests in the Pacific.

In short, the demand for clear-sightedness in recognizing potential sources of instability in the region are greater than ever before. Moreover, the efforts by outside powers to influence regional developments provide a constant reminder that the peace of this region cannot be separated from the quest for peace elsewhere in the world. Thus the significance of ANZUS for both our countries, and for global security, is as great as it ever has been.

Your recently completed defense review testifies to your clear vision in recognizing the security challenges we face. We noted, in particular, the high value the defense white paper attaches to our alliance partnership and your clear recognition that regional defense is part of global defense. We share that assessment. Our cooperation retains its larger significance. Our joint facilities enhance the deterrence of nuclear war through providing for strategic early warning. These same facilities allow us to verify arms control agreements, thus making arms control possible. By keeping the peace in this region, we can only strengthen world peace.

We also work together in military exercises, improving the capability of our forces to operate separately or jointly in the event of a threat to peace. We particularly value our ship and air access to Australia, which enables us to play a stabilizing role in the Western Pacific and the Indian Ocean, far beyond Australia's shores. We note, with satisfaction, the warm hospitality you

extended during the recent Midway battle group visit and the mutual benefits accruing from such a deployment.

Australia's thoughtful role in arms control efforts lends added weight to your views on these issues. We value the frank exchanges we have on such issues as the NST talks [nuclear and space arms talks]. We appreciate your support on the START [strategic arms reduction talks] treaty and the excellent work you are doing in the negotiations on a comprehensive chemical weapons stand. While we disagree on occasion, you are aware from our close contact how seriously we value your views.

Since we last met, we've made progress on resolving some impediments to our good relations in the South Pacific. The signing of the fisheries agreement was a positive step in which you played a constructive role.

We also applaud Australia's contribution to achieving consensus in the South Pacific Forum. Your active role in seeking a resolution to the crisis in Fiji, in offering to share intelligence on regional security threats, and in securing full forum membership for the Marshall Islands and the Federated States of Micronesia attests to the interest we share in regional stability.

Australia's economic and trade concerns continue to hold our attention as we grapple with our own budgetary and trade difficulties. We will continue to work with you in international fora to resolve these issues equitably, especially on the agricultural trade issue where our objectives are congruent. There are some hopeful signs of progress in the Uruguay Round that should help ease the current friction in worldwide agricultural trade. As you know, President Reagan reiterated our shared view on the urgent need for world agricultural reform at the Venice summit.

Bill, Kim [Australian Defense Minister Beazley], Cap and I are pleased to be with you again. Our consultations are always useful in strengthening mutual support and frankly facing up to problems when they arise. We look forward to continuing this process in today's talks.

On the eve of your bicentennial celebration, we can take satisfaction from our close cooperation in the past. We look to the future with certainty that our ties will grow even stronger based on the willingness of democratic peoples to make common cause in defense of our principles and way of life.

ARRIVAL STATEMENT,
APIA,
JUNE 22, 1987*

It is a great pleasure for me to be back in Apia after 44 years. I have many fond memories of Western Samoa and its people, and I have for years wanted to revisit a place where people made me welcome in the midst of World War II. I cannot think of a better time to do so than right now, as you celebrate your 25th anniversary of independence.

The United States and Samoa have been friends since the early days of our Republic. This friendship has been recognized formally since 1878, when our country signed a treaty of friendship with the Great Chiefs of Samoa. In the Second World War, America and Samoa joined hands in the common effort to preserve freedom in the Pacific.

Since that terrible time, the Pacific has been at peace. This remarkable record is proof that the Pacific way has lessons in it for the whole world. You deserve the highest respect for having developed a set of regional institutions that work according to your own traditions to preserve peace and harmony.

My visit is a sign of the importance the United States places on its friendship with the independent nations of the South Pacific. Shortly, I will call on your head of state to express the friendship that President Reagan and the American people feel for the people of Western Samoa. Then I will meet with your

Prime Minister, who will be acting not only in his capacity as Prime Minister but as chairman of the South Pacific Forum. We place high value on our continuing dialogue with the Pacific nations, and we listen carefully to the views of their distinguished leaders.

Today the nations of the Pacific face new challenges. In addition to pursuing the traditional goals of economic and social development, the region must determine its response to efforts by countries not traditionally part of the Pacific scene to carve out a role for themselves. In addressing this issue, the leaders of Western Samoa have understood a basic fact—that one must consider carefully the motives of nations that do not share our traditions of democracy and consensus. The United States appreciates Western Samoa's support for our efforts to keep great power rivalries from affecting the stability of the Pacific.

To the Samoan people, I offer my warmest congratulations on achieving years of peace, freedom, and respect for human dignity. The American people will do what we can to help you as you seek to preserve those values and develop your nation.

*Press release 131 of June 16, 1987.

²Press release 133 of June 17.

³Press release 134 of June 18.

⁴Press release 141 of June 22.

⁵Press release 142 of June 22.

⁶Press release 143 of June 22.

⁷Press release 146 of June 24.

⁸Press release 150 of July 6. ■

Secretary's Interview on "Meet the Press"

Secretary Shultz was interviewed on NBC-TV's "Meet the Press" on June 28, 1987, by Chris Wallace, NBC News; David Gergen, U.S. News & World Report; and Robert Kaiser. The Washington Post.¹

Q. The story coming out of Seoul today is that the government is going to propose a series of new concessions to try to end the violence there. Is it your sense that one of those concessions will be constitutional reform before the next presidential election?

A. I don't want to try to comment on particular details. The important thing to notice is the fact that the dialogue has resumed between the Chun government and the opposition. That is a very encouraging development; something that we have worked for for a long time.

Q. You say the dialogue has resumed. In fact, the opposition says it is not sure whether or not it is willing to hold negotiations, because they're concerned it will just be more talk and nothing specific. Isn't that a legitimate fear on their part?

A. All fears are legitimate, tactically. The fact is that there have been meetings, the government has shifted its ground on some important matters, and they are engaging. This all is part of a very long-term effort on our part and, more importantly, on the part of the Korean people.

President Reagan addressed the Korean National Assembly in 1983. He set out very clearly there our objectives, and presumably their objectives, to find their way to a peaceful change of power through democratic means. That's something they had never been able to

do. I think just as the Koreans have performed an economic miracle, at least there is a fair chance that they'll be able to perform this really political miracle. We want to help them do it.

Q. You seem optimistic then that the situation is getting better.

A. There are problems, as you have pointed out. I think there are bound to be problems when you see the process of changing power, of dispersing power, in a situation that's been accustomed for many, many years to having it all held in one place. So it's a traumatic time; it's a difficult time. It's also a very promising time if the Korean people can bring this off.

Q. Let me move this a little to the west, in the Persian Gulf. On this program 2 weeks ago, we had unusual bipartisan agreement. Sam Nunn and Henry Kissinger both said that reflagging Kuwaiti tankers is a bad idea. They said you didn't really have a policy there. Would you answer them and also tell us what's going to happen if one of these Kuwaiti tankers under an American flag gets attacked by Iran? What are we going to do?

A. The policy that we have in the Persian Gulf is longstanding and solid. It's based on the fact that area has the basic reserve of oil that the West uses. The United States is the biggest user of oil. The United States, today, is the biggest importer of oil. Oil flows basically into a pool, and all of the users take from that pool. So we have had, do have, and will have in the future a gigantic stake.

In the Persian Gulf area, there is a war going on between Iran and Iraq. It's been going on a long time. Iran has successfully stopped Iraq from shipping directly through the gulf, although their oil flows in other ways. Iran ships a lot out of the gulf. That's its main way of shipping oil out from its country.

We think that assurance of the flow of nonbelligerent oil out of the gulf is something important to us. So when the Kuwaitis early in the year asked us to help them and proposed the idea of reflagging their ships, we responded favorably. I might say, at the time we couldn't even get Members of Congress to listen as we tried to brief them. But I think it's a sensible thing to do.

We will have adequate naval forces there to protect themselves and protect ships. And I think this is the point being overlooked—to provide a deterrent force. It's basically deterrence—that is, the capacity to do something that has kept the peace. I think we'll do the job in the Persian Gulf.

Q. Isn't Kuwait, though, an active ally of Iraq, and by doing this aren't we sidling up to Iraq in that war and losing our neutrality?

A. Kuwait is not a belligerent power.

Q. But it is an ally, isn't it, of Iraq?

A. It has its relationships with Iraq. There are lots of countries that have relationships with Iraq. There are lots of countries that have relationships with Iran. But they're not belligerents. The belligerents are Iran and Iraq, and we are neutral insofar as that war is concerned.

Let me say also that there has been going on for quite a while—and it's very active right now—a strong diplomatic effort which, I think, taking a little issue with your opening comment, does have a large support. The President made a lot of headway in Venice in consolidating that.

On the diplomatic track, in the United Nations, we now have agreement of the five permanent members of the Security Council for a strong cease-fire resolution. We are working on the followup to that should either party not go along with the cease-fire. So there's a strong diplomatic effort going along with the effort on our part and of our friends and allies to see that the oil continues to flow from the Persian Gulf.

Q. On this program 2 weeks ago, it was demonstrated that there was sharp disagreement in this country on both sides of the aisle. Secretary Kissinger opposed the policy; Senator Nunn opposed the policy. There's now mounting pressure in Congress, as you know, to delay the reflagging, to look for alternatives to settle the land war through the United Nations. Are you opposed to delaying the reflagging and supporting an alternative?

A. Absolutely. I think it would be a very bad thing to do from the standpoint of the United States. A very bad thing to do. I think you're not stating correctly the situation in Congress. The situation in Congress is that they're in betwixt and between.

Q. They can't make up their own minds.

A. They can't make up their minds. But that's what you need a President for. The President has to decide something, and he has. He has shown the leadership and the positive thrust here that's needed.

Q. The President also said that it's very important to keep the Soviets out

of the gulf. Senator Moynihan wrote recently in *The New York Times* that it was the Administration's arms sales to Iran that sent the Kuwaiti a-scurrying to the Soviets, looking for help on the reflagging and that, in effect, the Administration's arms sales to Iran brought the Soviets into the gulf. Do you accept that view?

A. I don't accept that, although it is the case that the Kuwaitis did approach the Soviets not long after the arms sales were revealed. On the other hand, what the Soviets had been asked to do and are doing is nowhere near as extensive as what we're doing and what our historic role in the gulf has been. I think it is important, as Senator Moynihan said—I read that article; it was a good article—it is important for us to maintain ourselves there. The worst thing in the world that could happen, or one of the bad things, would be to find the Soviet Union astride the supplies of oil to the free world. That doesn't make any sense at all.

Q. You say it would be a bad idea to delay the reflagging and the escorting. Do you have any idea at this point when the U.S. escorting of those Kuwaiti ships is going to begin?

A. I'm not sure precisely, but it will be some time in the next month. Maybe in the first half of the next month. I don't think there is any particular date set. We want to do it when we have the presence there that is considered by our naval officers to be adequate to do the job. We're assembling that, and we'll do it properly and in good time.

Q. And despite these calls for a delay, it's full-speed ahead?

A. I think that the worst thing in the world that can happen to the United States is to be pushed out of the Persian Gulf. That's a bad thing.

Q. Let me switch, if I may, to arms control. We keep hearing that you and Soviet Foreign Minister Shevardnadze are going to hold a meeting in the next week or so to try to speed up completion of an arms deal on medium-range missiles, and yet we still don't get an official announcement. Where does that stand?

A. The reason you don't get an official announcement is there hasn't been any date set. On the other hand, Mr. Shevardnadze and I have agreed that as soon as it's useful to have a meeting, we'll have one. It basically isn't a big problem to arrange people's dates. We accommodate each other easily that way. There has been discussion of a meeting some time in the near future, but there hasn't been anything set yet.

As soon as there is something set, it will be announced.

Q. The biggest remaining difference—or certainly one of the biggest remaining differences—seems to be this question of whether or not Germany should keep its Pershing I#A short-range missiles, for which the United States keeps the nuclear warheads. Is that a potential deal buster?

A. The German missiles, which are part of a cooperative program that we have with them, are not on the intermediate-range missile negotiating table. The things that are on that table are exclusively Soviet systems and U.S. systems. No third-country systems, no cooperative systems, are on that table.

Q. And what if the Soviets say, "No deal unless we get rid of those systems"?

A. They're not on the table, so we're not discussing them in that framework.

Q. Let me move to the Iran-*contra* affair. Judging by a lot of the comments of the members of these congressional committees, there's at least a danger now that your era as the president over American foreign policy is going to be remembered for deception of Congress, for avoiding constitutional requirements, for privatizing diplomacy. What's your response to those charges? Is that fair, and are you embarrassed at all about this portrait of American diplomacy in this period that's coming out in those hearings?

A. This is not a portrait of American diplomacy. It's a portrait of what happened in a particular instance. Some of the things that have been revealed I find sickening. However, from the standpoint of our broad diplomacy worldwide, President Reagan's leadership and efforts and initiatives have yielded great benefits for the interests of America. I think that those things will be focused on.

I am a great believer, myself, that you must behave yourself in a constitutional and proper way. To the extent of my ability, I've always upheld those principles.

Q. Didn't some members of your Administration avoid those principles, though, and negate them?

A. I think that the basic picture is one of respect for law, respect for the Constitution, and respect for the notions of doing things through properly accountable methods.

Q. What did you find sickening then, specifically?

A. I'm going to be testifying myself on this pretty soon, but I found, for example, the idea that people who were representing themselves as in some way speaking for America would talk about the Dawa prisoners in Kuwait as something we would be willing to discuss. That is totally wrong, totally against the President's policy, and I found that just a terrible thing for them to do.

Q. What about the cover-ups? What about all the top officials in your Administration, some of your colleagues, lying to Congress, lying to each other?

A. From my standpoint I have taken my stand within the Administration and publicly. I have made information that I happen to have available to all investigating committees from the beginning and have asserted myself. I have been called to testify and asked to allow 2 days to do so. I'll save myself for that testimony.

Q. Do you have further reflections on how this policy on Iran in regard to the *contras* slipped out of control, away from the State Department?

A. I have some reflections on that, but, again, I'll save them for my congressional testimony.

Q. There was a startling observation by an Assistant Attorney General this last week that he would now, after questioning Oliver North earlier, he would not believe Oliver North's testimony under oath. Would you?

A. This is for the committee to deal with. It's a problem.

Q. Let me ask you a credibility question. Everybody involved in this seems to have gotten a little mud on their fingers. You said on October 8 that the Eugene Hasenfus airplane was hired by private people who "had no connection with the U.S. Government at all." Do you regret that statement now?

A. That statement was made as a result of assurances to me that that was the case.

Q. So you were lied to?

A. So I was lied to.

Q. By?

A. [Assistant Secretary for Inter-American Affairs] Elliott Abrams was lied to. I remember—I can't specify the date, but I have a record of it—when Elliott came into my office in a state of great distress and said, "We have been

lied to, and what we have been saying is wrong." We then sought to get that corrected.

Q. I want to talk, if I may, about Elliott Abrams, because he's under tremendous fire in Congress. You sent a letter to Congress this week defending him and saying, "Well, if he misled Congress about soliciting funds from Brunei, it was because he had made a pledge of confidentiality to Brunei." Is it really more important that he—

A. That's not what I said. I said that Elliott Abrams made a mistake in that case. He realized that he made a mistake.

Q. Two questions, if I may. One, is it more important to keep faith with Brunei than it is to tell the truth to Congress?

A. You don't have to make that choice. There are all kinds of things that could have been said under those circumstances: that there was a solicitation from a third country. It was perfectly proper, legally authorized by the Congress, and, Mr. Chairman—or whoever you're talking to—we have made this solicitation with a pledge of confidentiality. I don't want to say the name of the country—or something like that. But nobody should lie. He didn't lie. He just didn't come forward with the information.

Q. All the President will say at this point is that he accepts your support—"accepts" your support for Abrams. That sounds awfully lukewarm.

A. I've talked to the President about it. He is a great supporter of Elliott Abrams. People hear different things. I happened to be sitting next to the President at the Venice summit, and somebody shouted a question at him about Elliott Abrams. He gave a very strong statement, but I've never seen it printed any place.

Q. And Elliott Abrams can stay on the job as long as he wants?

A. Elliott Abrams is doing a very good job, and he's done an extraordinary job. He's a very capable person, not only in the present job but in his previous job as Assistant Secretary for Human Rights, and, from all indications I have, in his previous jobs as a staff member for senators.

¹Press release 148 of June 29, 1987. ■

News Briefing of June 2

Secretary Shultz held a news briefing at the Old Executive Office Building on June 2, 1987.¹

It might be useful to start, as we look to Venice, at some of the things that have happened in the past year related to statements made in Tokyo. Each year, there is, of course, discussion of security issues and East-West issues. I think it has been a very important thing that each year the countries involved express their firmness and cohesion and strength and readiness to negotiate.

Between Tokyo and Venice, we will see that a great deal of headway has been made in the intermediate-range missile discussions. That is beginning to take shape in the form of a possible agreement—still a lot left to be done—but nevertheless, a great deal of headway there. Also, the respective positions in the strategic arms talks have moved quite substantially, although we are not anywhere near as close to an agreement in that area.

At the Tokyo summit, for the first time, the leaders focused on the problems in agriculture, and a strong statement was made. Similarly, as in past summits, the problem of protection was highlighted and the importance was pointed to of the Uruguay Round or what became the Uruguay Round. So since that time, that round has gotten started. There is a considerable emphasis on agriculture. An OECD [Organization for Economic Cooperation and Development] statement just about a month ago moved that ball forward some more, and I'm sure it will come in for worthwhile discussion at Venice. So in that area you've seen progress.

In the field of terrorism there was a very strong statement in Tokyo. It singled out Libya. Since that time, Libya has taken quite a beating, justifiably, and there have been interesting developments in the field of terrorism. This most recent year, as compared with the year past, has seen a decrease by 33% in international acts of terrorism in Europe. And we've seen the emergence of the rule of law as one useful tool, an important tool in combatting terrorism. Just to give a sample of cases: in Britain in November, we had the Hindawi trial; 45 years was the sentence. Hindawi's brother was tried in Berlin also in November, with a 14-year sentence. In Canada in January, two Sikh terrorists were apprehended as a result of a very

fine piece of cooperation between the FBI [Federal Bureau of Investigation] and the Royal Canadian Force, and they were given life sentences. In Paris in March, we had the Abdullah trial out of which came a life sentence.

In Japan in April, the Supreme Court upheld a verdict of some years ago. It was a life verdict involving terrorists. In Italy in May, the court upheld the sentences involved in the *Achille Lauro* case. So we see the rule of law emerging here in the field of terrorism. No doubt that subject—it's all too true that the problem still is present and that subject will be discussed further.

I'm sure Secretary Baker will develop the sense in which we have increased intensity of economic coordination, and we see the emergence of the G-7 [Group of Seven finance ministers from U.S., U.K., Canada, Italy, Japan, France, and West Germany]. Traditionally at these meetings there has been a review of regional issues. It's been useful, and no doubt at the Venice summit that will take place again, and there will be some special emphasis and interest in the Iran-Iraq war and some of the implications of it.

So I just thought in previewing what might be discussed in Venice, it's worthwhile to take a look back at the last year and see where we've come as a way of looking ahead to where we may be going.

Q. What do we want the allies to do in terms of supporting us in the gulf?

A. Of course, we want to have people recognize the importance of the principle of freedom of navigation, the importance of keeping the strait open, the stake that we all have in it, and insofar as particular countries are concerned, we are trying to think out what in particular individual countries might do. No doubt they are thinking themselves about that, and we'll have to be in touch with them as we have some specific things to talk about.

Q. Are they supportive—generally supportive, or do they seem to be reluctant to be engaged?

A. I think everyone is supportive of the notion that we want to keep the strait open. Nobody has any difference of opinion about that. Some countries are quite active. The British, for example, have two frigates and a destroyer in the gulf; the French have ships in the

vicinity; and other countries are similarly concerned. But those are the ones that have military forces there. There is a major role to be played by diplomacy. We are working in the United Nations. We have some progress there, some dis-appointments there, but nevertheless, we are working to do everything we can to bring an end to the war. That's the basic solution.

Q. What do we want from the allies in terms of arms control, and how do you assess the coalition statement—I mean, the West German Government statement on Thursday in terms of the INF [intermediate-range nuclear forces]?

A. After the Soviets made their most recent proposals on so-called short-range INF systems, which were made to me in Moscow, we have had a very broad and careful process of consultation with our allies. There's been a great deal of discussion back and forth, and various governments have been expressing themselves. The German Government expressed itself after a lot of thought and consultation yesterday, and no doubt this will be discussed in Venice and at Reykjavik.

I think what we see here now is the alliance, a free alliance, through a process of genuine and open consultation and consideration, reaching a consensus which the President will consider, and which no doubt will be the basis for our position in the INF talks. And I think what we see is progress toward having that picture gel, and progress toward a potential agreement.

Q. But do the Germans have reservations that might be troublesome?

A. No, I don't think so. They have certain problems, others have little bit different problems, and the way you deal with these things is you talk about them and have the patience to consult with free governments and come to a consensus, which we seem to be in the process of doing.

Q. You talked about the year since Tokyo, but one of the things that happened in Tokyo was while you were talking and the United States was pushing for a strong position on terrorism, it also turned out that behind the backs of the allies, you were selling arms to the Iranians, and, of course, it has also been revealed that you were lied to or misled by some other of your colleagues at the Tokyo summit about that. What is the residue of these surreptitious selling of arms to the Iranians? What kind of residue

does that have in terms of our credibility of making this argument with our allies?

A. I think we have gotten over that hump. It has been a problem, but I think the merits of the case of not selling arms to Iran, given the fact that Iran is the intransigent party, are evident on their face. So I think that's what carries the argument. Not that we have been totally successful at the United Nations; we haven't been. We seek mandatory sanctions on whichever country refuses a cease-fire at international borders; that is basically what we're seeking. Countries have agreed to call for the cease-fire, and we're having difficulty with the sanctions as we have before. But I think what countries around the world want is not to see a United States kind of dead in the water over this issue. They seek a United States that's continuing to show leadership, and we are.

Q. Does the United States—do you and the President have any problems at all, or feel any embarrassment about going in and making this argument to the allies, given the fact that this country was selling arms to Iran a year ago?

A. No.

Q. Going back to the gulf for a moment, as far as allied cooperation is concerned, have you any ideas for a joint command, a multilateral control of some kind, better liaison, coordination? How would this work? What are you actually looking for? In the specific, what are you looking for?

A. You look for different things with different countries. Let's take Iraq. It's important that we have an improved method of communication so that they don't misidentify ships—just to take an example. And, no doubt, discussions with Saudi Arabia about the use of the AWACS [airborne warning and control system]—their flight patterns and the cover for them and so on—those are the types of things to be discussed. What coordination is needed insofar as, for example, British ships in the gulf and ours, I'm not so sure that any special thing needs to be done, but this is something the military people are reviewing.

Q. Do you see any merit in the notion of escort fees that was suggested here at the White House by several Senators—Senator [Pete] Domenici and others?

A. Exactly what the right way to share the burden is is something to work through. That is an idea. There are a

number of others and there hasn't been any conclusion about that. But, certainly, this is a responsibility that we have had in front of us for many years. We've been in the gulf a long time. It is a vital area. It's where a big proportion of the world's oil is. I might say that oil is an internationally traded commodity, and without regard to who gets what particular oil, it in a sense flows in to a world oil pool and we are the biggest consumer of oil in the world, and we are the biggest importer of oil in the world. So we have a big stake in all of this.

Q. On the INF point that was mentioned before, do you expect a statement from this meeting to be issued that could—from the allies—that could provide the basis for a reply to the Soviet offer?

A. I don't think the summit group is the appropriate one to try to reply on INF. This is a negotiation formally between the United States and the Soviet Union. We do not discuss third-country systems, only our own systems. And, of course, in INF—since it intimately involves the Europeans in particular and also our friends in Asia—we have an intense pattern of consultation. But in the end, you come back to NATO. So I think the Reykjavik meeting has the breadth of NATO participation and, no doubt, we'll be discussing it there, and then in the end it is up to the President to make a decision about the U.S. position in Geneva.

Q. On the gulf what argument is the President going to make that the allies haven't already thought of themselves? I mean, what new [inaudible].

A. I think the arguments are pretty well-known. They are fundamental. That is, this is a source of energy for the free world that is of vital importance now. I think it is reasonably clear that the oil pool that comes from the gulf is likely to be more important in the future rather than less important, and, therefore, the free world has a major stake in maintaining its ability to see that nobody else can dominate that oil pool. That is the basis for this position.

Q. Is there concern with the West Germans and reports that they are trying to deal on Hamadei, the terrorist, and how do we approach them on that subject given the strong summit statements on terrorism?

A. We have been dealing with the Government of Germany all along on that case, and we, of course, would like to see extradition to the United States. Germany has to consider whether it

wishes to do that or wishes to try him in their own courts for crimes committed under their law, and that process of consideration is very much underway.

Q. Can you confirm news reports that they are trying to make a deal where they would give him a token sentence?

A. No, I can't confirm that. I don't know that that is so at all. You see things printed around, but as far as we know, the problem is being addressed in a serious and proper way.

Q. I wasn't quite clear on one thing about your remarks regarding the Persian Gulf. Do you foresee the need for a greater military presence by the allies?

A. What we are—not necessarily, particularly so. We had a very thorough discussion of what we plan to do with the President and the Joint Chiefs. Admiral Crowe [Adm. William J. Crowe, Jr., USN] presented, in a very comprehensive way, the military thinking on that. What is needed, as is always the case when you have a threat that you have to contend with—what is needed is an adequate force to deter—to deter the use of force against us. When people see that there is a capacity to deal with the threat, that has a deterrent value. And that is what we need to put there. It's defensive and it's deterrent, and probably you have to look at the size of the number of ships you have to be sure that you have an adequate number.

Q. But from a political standpoint, wouldn't it be helpful to you, particularly here with questions about U.S. policy, to have a greater allied military presence and more communications with the United States?

A. Of course, there is a British presence already. But I suppose if you computed it in terms of their presence as related to their GNP [gross national product] or their population or their navy or something, you'd have to say it's more than ours proportionately. It's been an area of traditional concern to the British, and they are there. As I say, I don't stand here as a military expert and ready to declaim on exactly what are the right patterns of coordination between the parties. The French are also in and around the area, and they're always effective. They always have their own way and their own ideas in this as in other areas. But in the end, in the clutch, the French always come through on these matters. So we know that; we've had that experience.

As to what other military forces of the allies might be there, I think that's a question because the capacities elsewhere are not so great. But we need to look at things that others might do, and one or two ideas have already been expressed here, and we'll have to see where we go.

Q. The Germans insist on keeping the Pershings 1-A. Do you support this position?

A. Our position has been from the outset and remains in Geneva that the negotiations are between the United States and the U.S.S.R. and concern, exclusively, systems that are the systems of those respective countries. Third-country systems are not on the table—not British systems, not French systems, and not the Pershings.

Q. But the warheads are under American control.

A. That's true. At the same time, the reason why they're under American control is not that the Germans don't have the money to own them themselves, but because of the kind of a traditional reluctance to put nuclear warheads into their hands without some sort of dual key arrangement. So I think that the rationale for that has perhaps a broad appeal.

Q. In what way can the Japanese contribute to the effort to keep the oil flowing and the sealanes open?

A. They can contribute diplomatically as they do and work at it. They can probably make contributions of a displacement sort, and perhaps indirectly of an economic sort. And that is a matter that we are trying to think out, and I assume the Japanese are as well. What specifics there may be, we'll take up with Prime Minister Nakasone.

Q. The hearings on Capitol Hill will be going on while the President is in Venice. Now, that hasn't originally been the case. How much is that going to be a distraction for the President and for yourself while you're over there?

A. I don't suppose it's any more of a distraction than when we're there. The hearings are going on and they are dealing with matters of concern, and we keep track of them.

Q. Is it a distraction to you now, then?

A. It's some distraction. I don't watch the hearings. I don't have time; I'm too busy. But it's a—

Q. But I'm thinking in terms of substance—

A. But it's something that's going on and you try to keep track of it, certainly.

Q. Today you won't watch?

Q. For example, today, your assistant, Mr. Abrams [Assistant Secretary for Inter-American Affairs Elliott Abrams], is going to be up there. Are you concerned that he's much more involved than you initially might have thought?

A. I have complete confidence in Assistant Secretary Abrams, and he will be testifying and we will all see his testimony. But he's a person of tremendous energy, integrity and I'm sure that he will appear in that light.

Q. Can a multilateral effort to ensure the freedom of navigation in the gulf succeed without some sort of coordination with the Soviet Union? I mean, after all, they are in the gulf now and they are helping the Kuwaitis to ship their oil. Is it possible—can you envisage some sort of at least tacit, or open coordination with the Soviets?

A. I don't know that there's any particular coordination of a special sort necessary. We do have, and have had for some time, talks with the Soviets about—I think they're called the "incidents at sea" talks that basically set out understandings about how our ships will relate to each other and presumably that can govern. I don't know that there's any need for anything special beyond that.

Q. Given the great deal of headway in the INF negotiations, has the United States and the Soviet Union begun discussing the broader agenda for the next summit meeting and have you begun discussing dates for that summit meeting?

A. We haven't had any really definitive discussions about dates and a next summit meeting and so on. But we have had a lot of discussion about the possible content. And I think both the President and General Secretary Gorbachev agree that we want a meeting to be reflective of genuine substance. So we look at various possible things that could constitute that substance. INF is clearly a candidate. The Nuclear Risk Reduction Centers that have been basically agreed on are a definite item that could be included. The movement in START [strategic arms reduction talks] that was accomplished basically in Reykjavik and followed up on since in Geneva—we've tabled, as you know, a full draft treaty in

Geneva—those discussions are going on strongly.

To what extent progress in those negotiations and in the space talks can be reflected by some sort of a statement remains to be seen. But that, of course, needs to await where we are as we approach a summit, if we do have one. We believe, of course, that there is a broad agenda that needs to be reflected in any summit. We need to have things to say about human rights. We need to have things to say about regional issues. The President pushes on those on occasions, as do I. So there are a broad set of things that we all work at, and we'd like to see as much as possible reflected in substance by the time, whatever time it turns out to be, that there may be another summit meeting.

Q. To what extent is the new policy in the gulf, and the escorts and the shipping protection also, an effort by the Administration, or seen by the Administration as a need to blunt Soviet influence there? Do you see a growing Soviet threat in the Persian Gulf, and is this one of the reasons for your policy?

A. Certainly we don't want to see the Persian Gulf become a place where the Soviet Union has any major role. That oil flows to the West. Maintaining the ability of that oil to flow is something that we need to step up to. I think it's very important to recognize that and not to have it in any sense fall under the umbrella in any way of the Soviet Union. That's a very important point.

Q. But do you think the allies will accept making this sort of an East-West issue rather than a regional Mideast issue?

A. It's not primarily an East-West issue, but there is an East-West dimension, and so let's recognize that.

On the other hand, we've had numerous discussions about the Iran-Iraq war with the Soviet Union. I've had quite a few with Foreign Minister Shevardnadze myself, and there are many aspects of work on that particular conflict where we see things in a rather parallel way. It isn't a kind of classic East-West proposition, rather to the contrary. We have at least in major respects parallel objectives there. We want to try to work at it as much as we can in tandem. That's the way we approached it in the Security Council at the United Nations in asking for a joint call for a cease-fire, and in asking for mandatory sanctions on whichever country, if either does refuse to engage in the cease-fire.

Q. We seem to be getting a somewhat different message from you than from the President as to whether this government wants more allied military support in the gulf. The President yesterday made a very forceful statement that he did not want the United States to be alone, as he put it, in the gulf, and he urged the Europeans to be brave and come on in. You just said that not necessarily do we need allied military backup in the gulf. Which is it?

A. There is no difference. We aren't alone; we don't want to be alone. We think it's important that the West generally, including Japan—if I can use that word with respect to Japan, and I think it fits in this case—have a unified view about this matter, and that people do the things that they can do. Countries are positioned in different ways in terms of their capabilities, and we have to recognize that and what it is expected that different countries do. The fact of the matter is that we are not alone in the gulf right now. The British are there, we have a collaborative pattern with Saudi Arabia involved and so on. I think that needs to get enhanced somewhat, and we'll be working on that in Venice. There isn't any daylight to be found between me and the President.

Q. You said that there was coordination on incidents at sea with the

Soviets, since they're going to be flying a flag over their vessels and—for the Kuwaitis—and we're going to be doing it, why don't we—wouldn't it be possible for us to get together with them on a method of operation so that we—they would have a strong enough force there and a strong enough method of operation whereby that would deter people from attacking both countries' vessels?

A. They have to decide what they're going to do with respect to any undertakings they've made. We're doing the same. As I said, the discussions of incidents at sea provide a forum and have set out rules and perhaps that is as far as it needs to go. I don't want to—again, I'm not appearing here as a naval expert in declaiming on that subject, but that's the way it would appear to me.

Q. But don't you think you might save some lives and prevent attacks if the two of you got together real—much on—

A. I think the presence of our forces, let alone theirs, will be a very impressive deterrent force. And I expect that that will be looked at and looked at with a lot of respect by anybody who might think of attacking ships we're convoying.

■ Press release 123 on June 3, 1987. ■

U.S. Business and the World Economy

Secretary Shultz's address before the Council of the Americas 18th Washington Conference for Corporate Executives on May 11, 1987.¹

I think your discussions about the various aspects of business opportunities and problems in Latin America needs to be set in the context of what I regard as a world economy just bursting with opportunities and changes where advantage will go to the people who have a sense of what they are and what they mean, but, at the same time, a world that is beset by problems that have to be grappled with well, or otherwise the problems will cause us to miss these opportunities. I am very fearful right now that the mood in the United States is such that it may cause us to drop balls that we don't need to drop. So that's a summary of my remarks.

Technology Changes and the Information Age

But, now, as to what is taking place in the world, I think it is a moment of tremendous change. The change is driven primarily by the emergence of new technology that is rearranging the meaning and use of information, causing the way we do things—whether it is managing a business, handling a production enterprise, understanding the function of selling, handling diplomacy, or whatever it is—it has moved us into an age where the key ingredient is knowledge and ability to handle it.

That is accompanied in the information technology area by all sorts of other changes, some of them quite relevant to Latin America. I'll give a couple of examples.

I think we're seeing a shift in the meaning of raw materials, because we see in area after area how the knowledge about processes is changing the meaning of what you need by way of raw materials to do a certain task.

I understand now, for example, in the area of telecommunications, that we, in this country—and that's a big tonnage user of copper—we, in this country, use about half the amount that we did 4 or 5 years ago, and probably the use is declining. Why? Because we're substituting fiber optics which has a negligible raw material base, so to speak, for copper. That has a lot of bearing on the kind of ore body—copper ore body—that you might consider exploiting. Or, to put it another way, unless it is an exceptionally rich ore body, it isn't going to pay out.

But more generally, I think, we have to ask, what is happening to the meaning of raw materials as a result of changes in the processes by which we achieve our end results—copper, nickel, iron ore, et cetera?

A second point has to do with agriculture—feeding ourselves. It's clear enough that Malthus by now has been stood on his head. We don't have too little food. We have an abundant capacity to produce it, and that capacity has been enhanced by two good things and by one bad thing.

The good things are huge changes in biotechnology which led us into much more productivity per whatever it is that you want to measure, and a recognition in governments who used to think that the right way to handle the price of food was to be sure it was kept below the cost of producing it. And somewhat to their chagrin, they discovered that that doesn't encourage production, and so they see that you have to let the price of food reach a level—perhaps even a world-market level—that will encourage production. And as soon as they do, the results are practically instantaneous.

Look what has happened in China. Look what is happening in Africa. Africa last year could feed itself. It wasn't distributed right, so there are still big problems, but that's a result of, you might say, the managerial awakening—government managerial awakening to commonsense and the inevitability of how a market operates. These things are leading to the production of more food all around the world.

And the third thing, which is bad, is that the big industrial economies have loaded onto them—here I'm talking about Europe, the biggest original sinner, but also the United States and Japan—have loaded onto our systems subsidy programs that put very high

prices, way more than is necessary to encourage the necessary production, and so those prices are bringing forth very heavy surpluses which are being placed on the world markets below the price that brought them forth to begin with.

And so it was that in Tokyo last year in the declaration that the summit heads made, they identified this problem as a very severe one that had to be tackled, and it is being worked on, and I hope we'll get somewhere with it.

But, anyway, my point is not to argue that, but just to say there are big changes coming around. There are changes in the structure of the world economy as to the relative importance of countries. While the global GNP [gross national product] grows, its distribution is changing.

I think that you operate in an environment that is already drastically changed and is going to change more. I have said, and I believe it, that just as we in the United States long ago left the agricultural age, although we produce plenty of food, we also have left the industrial age, although we do plenty of manufacturing. But nobody around says that the symbol of our industrial might is the blast furnace and the assembly line any more.

We are in a different age, a knowledge age, an information age, or whatever you want to call it, and I think a person doing business in Latin America or anywhere else has to bear this in mind.

That's an area, I think, of great opportunity for American businessmen, because American businessmen tend to be relatively quick and creative and ready to do things in different ways, subject to competition. If you're a little slow on your feet, there's a new competitor out there who isn't that jazzes you up. That's our system, and it has worked very well, and I think it will continue to work, and this will work well for us.

Managing the Debt Problem

Now, what about the problems? Of course, the environment that we all want, and that is absolutely necessary if we're to continue to manage the debt problem at all adequately, is an environment of economic growth. And we have to say, as we look at what's been going on for the last 3 or 4 years or so at least, that the engine of growth has been the U.S. economy, and particularly so because we have run an extremely large and unprecedented trade deficit. That trade deficit has provided, you might say, the effective demand on which a lot

of the rest of the world—particularly Latin America, if you look at the statistics—managed to put together a program of growth.

Now, there are two things that threaten it aside from the normal business cycle kinds of problems that you tend to encounter. First of all—and I think this is inevitable, myself—the U.S. trade deficit will decline, I think, fairly rapidly, although I don't spend my time as much as I used to in the good old days when I was a businessman like you, thinking about these things. But I think it's inevitable that this trade deficit will decline, perhaps rapidly.

The reason is quite simple. The reason is that the almost arithmetic, you might say, counterpart of the big trade deficit is a big inflow of funds to the United States. Those funds flow in here, seeking a risk averse rate of return, and it's because people are willing to spend money here that we are able to consume more than we produce. That's what we're doing as a country. And as we now are a net debtor at a very large level, we are financing that debt by borrowing more.

There comes a time when you can't finance your debt by borrowing more, or, to put it another way—more like David Rockefeller might put it—there comes a time when peoples' concerns about the relative nominal rate of return is adjusted by the risk—the exchange rate risk makes them need a rate of return that causes you to say, "That's too high. The burden is too great." Or, to put it another way, the burden reflects itself into the kind of interest rates that have to emerge in this country, and those interest rates may not be in tune with where we want to go in terms of our own economic growth. But there is an inevitable market reaction that's bound to set in. And so what is the alternative to borrowing in order to service your debt?

How many people know the answer to that question? Nobody? The answer is pretty obvious. The answer is that you have to run a trade surplus to service your debt. When the United States goes from \$150 to \$160 billion or so of deficit that everybody is feeding off, to a large surplus, or even a vastly diminished deficit, then the need for other places in the world, Latin American places, to have a more self-sustaining pattern of internally generated growth is very big.

Now, there are differing ways in which this change can come about—and some of them are desirable, in my opinion anyway, and some are very undesirable. But the path of least resistance

around in our Congress seems to be that you do it by protecting our markets, by shutting off the capacity of other countries to send stuff here that people want to buy. And people observe the fact that our big trade deficit is not the result of a sudden decline in our exports; we are the biggest exporter in the world. The big trade deficit results from a huge surge of imports into the United States.

People are always saying, "You know, the U.S. businessman has to learn how to export if you're going to solve the trade deficit." That is an incorrect statement. The U.S. businessman has to learn how to compete in the United States in order to solve the trade deficit, in the sense of addressing yourself to what it is that caused it to emerge. And I think that's probably an easier problem, given what's already happened to the relative exchange rates.

But the answer of solving it by protecting the markets will lead the world to a catastrophe. We saw what happened in the 1930s, and we see the contrast of what happened in the post-World War II period emerging after the work of some really terrific statesmen on our part and on the part of some other countries put together a world economic system based on the idea that we were going to have growth and openness in trade. The openness in trade sustained the growth and vice versa, and it worked—it worked to our benefit and everybody else's benefit. The approach of protecting markets in the 1950s didn't work. It didn't work for us, and it didn't work for anybody else. So why it is so insistently sought in Congress to go back to that world is beyond me, but that is where they are trying to go.

Protectionism

Beyond that, I have a real concern that the United States is drawing back from the world just at its moment of greatest opportunity, the greatest thrust of freedom politically, the greatest thrust of freedom economically. In the light of all of these advances, what are we doing? I mentioned protectionism.

We are very self-righteous about what happens in any place in the world and so we tend to want nothing to do with things we don't like. But more than that, we are cutting brutally the amount that we budget to support our efforts in foreign affairs—and I mean brutally, to the point where we have to literally haul down the flag around the world, because there just isn't the money to support the consulates and embassy work that we need to do, let alone provide the security

and economic assistance to countries that need it and to which it is in our interest, our security interest, to provide it.

Right now, the United States is reacting to the opportunities that I suggested to you at the beginning in a very perverse way, and I believe that we should turn that around. I have been making this same speech to absolutely no avail, I'm afraid; but I think it is extremely important that the United States continue to be a positive force in the world and be engaged.

We saw what happened before World War I when the United States climbed into its shell. We saw what happened from the 1930s when the United States climbed into its shell; and we have seen what has happened since World War II when the United States recognized that it must be not only a responsible partner but a leader and take on

the responsibilities of being the leader—we shouldn't get tired, we shouldn't get frustrated. We should recognize how much in our interest it is to assume that role.

And as businessmen who are out around, I think that you all are terrific ambassadors for us. You go out around the world and into Latin America, and you do things that are so good that people are willing to pay for them and leave you a little profit in addition. So, that's a great recommendation for the quality of service that's rendered. And so I pay my respects to you and welcome your presence here, and your willingness to listen to my plea that you help this country to maintain its responsible and leadership role in the world, as we should and we must.

¹Press release 104. ■

Narcotics: A Global Threat

Secretary Shultz's address before the INM [Bureau of International Narcotic Matters] Narcotics Coordinators Conference on May 4, 1987.¹

I'm delighted to be able to speak to you this morning. This is an issue of importance. It's one that I've been struggling with as a government official since I was Director of the Budget, and I remember way back in those days. I do feel that somehow we are finally beginning to get somewhere. I feel that more now than I did way back then, and there are many reasons for that.

I'd have to say one of the reasons is the very effective work that our First Lady Nancy Reagan has been doing, because while I'm going to focus here in my remarks on the overseas elements of our program, we all know that it has to be a two-way proposition—we have to be getting at the use of drugs. Nancy has really led the way with her efforts, and the "Just Say No" is catching on. I feel as though this battle can be won, so that's very encouraging for all of us. I think.

I have the opportunity to speak today to our Foreign Service community about an international issue which has so much impact on our everyday lives. Narcotics control is a special job, performed by special people. It benefits all of us, and it makes our world a better, safer place to live. Drug abuse is both a moral insult and a national security threat.

In my meetings with leaders of democratic nations, I hear that drug trafficking and abuse are undermining democracy and social institutions. Elected leaders fear that drug traffickers can and will buy elections. Democracy is at stake.

In the United States, drugs are killing our athletes, corrupting our values, and threatening our society. Front page news photos of stockbrokers being led away in handcuffs, charged with trading cocaine for insider information on stocks, drives home the point—drugs are a threat to every sector of our society. No one is safe.

From the boardroom to the locker room, from the classroom to the operating room, someone you may not know, but who could make a difference in your life, may be on drugs. He invests your money. He pilots an airplane. He teaches your children. He performs surgery. He is your child's best friend. He is your son.

In the crucial narcotics control jobs you hold overseas, fighting the business of drugs is something you do every day. Many of you go into opium or coca fields and see the acres and acres of crops that will be processed into the heroin or cocaine that end up on our streets. Many of you work with officials whose motives are not beyond reproach. (See how diplomatic I'm being.) Many of you see, day after day, the toll that drug production, trafficking, and abuse take on developing societies.

We see it at home, too. Drug availability is unacceptably high. Drugs are our number one foreign import. Narcotic profits fuel a huge criminal network reaching into our country from the jungles of Bolivia and Colombia, Laos and Burma. The network involves peasants from Peru, hill tribe farmers from Thailand, chemists from Hong Kong, shipowners from Panama. It has ensnared students on our campuses, jobless young people, Hollywood stars, housewives and halfbacks, rich and poor alike.

Even the producing countries are seeing their citizens fall victim to addiction, just like Americans and Europeans. Lima and Bangkok and Karachi have as many victims now as New York and London, Rome and Detroit. Many of the victims are only children.

Just the other day, I read a news story about a 9-year-old Nigerian boy who was being used as a mule by heroin smugglers. When he was arrested, no one came forward to claim him. He was carrying \$3-million worth of heroin. Like so many other children enmeshed in the narcotics network, he has become a victim.

Someone told a story the other day about a school teacher in The Bahamas who asked the children in her class what they wanted to be when they grew up. Twenty percent said drug traffickers. This isn't a chapter from a Dickens novel. It's real life, 1987.

I've said on many occasions that narcotics trafficking is the modern-day version of piracy. And it's getting worse, when lawless, greedy drug traffickers try to hold entire countries hostage. They are joining forces with terrorists and guerrillas to pillage and plunder whole societies, destroying the values and institutions of decent people. They have killed scores of judges in Colombia. They tracked down Ambassador Parejo, Colombia's former Justice Minister, in Budapest but failed to silence his eloquence in defense of human values. Traffickers have killed one of our drug agents, murdered journalists, threatened the wives and children of courageous officials.

But the traffickers have discovered that they can no longer get away with murder. The countries under assault are fighting back. International law is being rewritten to arrest the traffickers, separate them from their wealth, and put them in prison. Colombia's extradition of Carlos Lehder to the United States proved to Latin American traffickers that no one—not even a kingpin of the Medellin cocaine cartel—can

escape justice when nations work together in defending their people.

We have no illusions. The real war against drugs, an international struggle, is just beginning. The stakes are high, and the challenges are great. This terrible threat is not insurmountable. Right is on our side, and also realistic effort is on our side.

The worldwide supply of drugs is vast. The toll of addicts grows daily. Drug dealing is too profitable. Many officials have been corrupted, but millions of good people everywhere have had enough. Today 20 countries are eradicating narcotics crops. The United States actively assists 14 of them with funding, equipment, and personnel channeled through State's INM Bureau.

More countries are looking to their neighbors for help, and joint vigilance is the watchword. Regional cooperation is beginning to bear fruit.

The United Nations, the Organization of American States (OAS), ASEAN [Association of South East Asian Nations], SAARC [South Asian Association of Regional Cooperation], and the EEC [European Economic Community] have all taken on drug control as a grave international issue. The newly organized OAS antinarcotics commission just met here in Washington. We look to the OAS to organize concrete actions to reduce both the supply and demand for drugs in our hemisphere.

Next month, the UN International Conference on Drug Abuse and Illicit Trafficking will be held in Vienna. This will be a historical gathering of ministerial-level officials from all over the world to study concrete actions for dealing with a worsening global problem. The United Nations is also drafting a new convention against narcotics trafficking that will strengthen international efforts to halt this corrupting trade. Both the conference and the convention are examples of the fine work the United Nations can do and proof that mutual interests can be secured by international cooperation. Both projects are based on the growing realization that no single country can defend itself against narcotics alone.

Regional defense is another area of progress in drug control. The Andean nations of Colombia, Peru, Ecuador, Bolivia, and Venezuela signed the Lara

Bonilla treaty last year, pledging to work together against trafficking and to adopt more effective antinarcotics legislation.

In Asia, countries like Burma and Thailand, India and Pakistan have joined the United States and Mexico in frankly discussing the narcotics problem as a serious bilateral issue which affects nations sharing common borders. Let me assure you that as we look overseas for international cooperation against drugs, we're looking for it at home, too. We must put our own house in order. Last November, President Reagan called 21 of our ambassadors home to tell them how the United States is dealing with our drug problem. The national strategy incorporates law enforcement, treatment and rehabilitation, research, prevention, and international cooperation—in other words, a comprehensive program.

The United States has set ambitious goals to get rid of drugs in our schools, our workplaces, our transportation system, our public housing—in other words, to get rid of drugs in our country.

Last fall, the President signed the Anti-Drug Abuse Act of 1986, the most comprehensive antidrug legislation on the books. Title IV of the act expands the Department's international narcotics cooperation program, and the Bureau of International Narcotic Matters received a budget of \$118 million for its work this year, nearly double what it received in 1985.

And I must say, when you attract some money, Ann [Ann Wroblewski, Assistant Secretary for International Narcotic Matters], you attract a lot of attention. And all the other bureaus are coming around saying, we're working on drugs, and we can use a little of your money, but you don't give a dime out unless you get your money's worth, do you?

As diplomats, we have a special role to play as part of the national and international strategy. When I met with our ambassadors at the White House a few months ago, I made specific recommendations for action. I asked them:

First, to stress the U.S. commitment to fighting narcotics in their meetings with foreign officials, and I do that, too;

Second, to use the range of available tools, such as extradition treaties, mutual legal assistance treaties to combat narcotics trafficking;

Third, to support the work in the United Nations, particularly the upcoming world conference and draft convention;

Fourth, to encourage other nations to support the UN Fund for Drug Abuse Control;

Fifth, to establish a dialogue among ambassadors to explore regional cooperation on the narcotics issue, sharing information and expertise;

Sixth, to encourage other countries to learn from the American drug experience. I told them that we learned the hard way, but we can help other countries to avoid the same mistakes we made; and

Seventh, I urge all of them to raise the issue of congressional budget cuts in their appearances before American audiences. I asked our ambassadors to make the point repeatedly that false economizing undermines our campaign against drugs.

Without essential MAP [military assistance program] and IMET [international military education and training] funding, adequate development assistance and ESF [economic support fund] funding, our efforts to control narcotics production and trafficking can be rendered meaningless. U.S. foreign assistance helps strengthen democracies. Strong countries can better resist drug traffickers and offer alternatives to their citizens. In the long run, America benefits, as does the rest of the world, from our foreign assistance programs.

In his speech on September 14, President Reagan said:

When we all come together united, striving for this cause, then those who are killing America and terrorizing it with slow but sure chemical destruction will see that they are up against the mightiest force for good that we know. Then they will have no dark alleys to hide in.

You are a part of this "mightiest force for good." It's hard work. You're on the front lines, day after day, facing discouragement and fighting an uphill battle. But your work is deeply appreciated by the Department of State and by the entire U.S. Government. You are helping to build a climate of outspoken intolerance, as Mrs. Reagan urged in her September speech, against those who live outside the law. We're all depending on you and your work, because you are making the world a better place to raise our children and the generations to follow.

Press release 98 of May 5, 1987. ■

The U.S. and Southern Africa: A Current Appraisal

by Michael H. Armacost

Address prepared for delivery before the World Affairs Council in Cleveland on June 15, 1987. Ambassador Armacost is Under Secretary for Political Affairs.

We live in a dangerous world—a world of conflicts among nations and values; a world in which we and a few other nations possess frightening destructive power, yet often find it impossible to order events. It is a world that is subject to radical shifts in technology and communication, to bewildering movements of peoples, currencies, and markets; and, while the interdependence among countries is growing, nationalism still triumphs over all competing ideologies. Terrorism may be a weapon of the weak, but it is a potent weapon, and it is too often employed. The need for international cooperation has never been greater; yet the United Nations seems stymied by events, confined to a spectator's role with respect to most of the world's trouble spots.

In such a world, our ideals and our interests are plainly at risk. Our strength, our consistency, and our fortitude remain crucial to the global balance of power, to the independence of our allies, and to the future prospects of democratic politics and market economics throughout the world. We cannot defend our interests if we retreat from the world.

Hans Morgenthau used to say that the trouble with the Americans was that they refused to accept the world on the world's terms. That, in fact, is both a blessing and a curse. Our involvement in the world has been directed toward the improvement of its conditions. Yet in foreign affairs, our influence is limited. And failure to have our way or to achieve our aims has had a way of prompting Americans to throw up their hands in frustration and to disengage.

We see both these tendencies at work in America's approach to southern Africa—the impulse to play a reformist role, to stand at the side of those struggling for freedom; yet also, the frustration that change comes slowly and the temptation to walk away from an area plagued by intractable problems.

There is much in southern Africa that we might like to turn away from. One sees racism, poverty, violence,

Marxism and Soviet meddling, disturbing demographic trends, and chronic underdevelopment. But this does not mean that there are many threats and no opportunities in southern Africa.

The United States has important interests in southern Africa, interests that can be promoted as we defend historic American values. Let me discuss southern Africa then in these terms:

- It is an area where we seek to promote human rights;
- It is an area where we are encouraging economic development; and
- It is an area where American diplomatic leadership and problem-solving techniques can have a special relevance.

Promoting Human Rights in Southern Africa

In the past, it may have seemed sufficient to put our name to international documents that spoke loftily of human rights. That is not enough. We want to work, beside other people and governments, to protect and enhance the dignity of the individual.

In pursuing a human rights policy, we must, of course, always keep in mind the limits of our power and of our wisdom. We must be realistic in our strategy even as we are idealistic in our goals. Our country can only achieve our objectives if we shape what we do to the case at hand.

Broad human rights concerns animate U.S. policy toward South Africa.

First, our country is united on the goal of ending apartheid and playing an active role in helping bring about a new, democratic South Africa that respects the rights and promotes the opportunities of all its people.

Second, this process of change and negotiation cannot be accomplished by outsiders. It must be built by South Africans themselves—even as we offer our encouragement and support. The new South Africa we hope to see must be based on a process of reconciliation founded on a genuine accommodation of interests—not upon a reaction to one injustice with another.

Third, our diplomacy must encourage dialogue and communication—despite the difficulties posed by distrust

and polarization across racial lines. We have a unique interest in communicating with all parties. We should urge them to create new openings for reconciliation and constructive change.

Fourth, working with our allies, we will continue to assert a Western vision of what we favor as the outcome in South Africa. It is not enough to campaign "against" apartheid. South Africans must know what the West stands for as that country redefines itself politically. Above all, we are for a solution that has the consent of the governed; that includes all those who consider themselves South African as citizens of the state; that accords equal rights, privileges, and protections to those citizens; and that has a constitutional structure that permits the exercise of democratic liberties.

Apartheid presents one of the most difficult challenges facing U.S. diplomacy today. All Americans reject it. It must go. The questions are: How? And what shall replace it?

This question of how apartheid ends preoccupies us because we know from our own history that the process of change can determine the substance of change. If violence is the steward of change, there will be one outcome in South Africa; if change comes about largely through peaceful means, there will be another, presumably happier outcome. How can we use our limited influence to enhance the prospects for peaceful change? Can additional sanctions impose the kind of shock therapy that will produce results? Will they merely exacerbate racial polarization, hardening the resistance of those in control while deepening the economic distress of the black community?

Such questions animated last year's debate over sanctions against South Africa. The Reagan Administration opposed sanctions because it felt such sanctions would complicate rather than expedite the dismantling of apartheid. The debate was about means, not ends. It was a debate worth having. It ended when Congress passed the Comprehensive Anti-Apartheid Act.

Economic sanctions directed against South Africa are now the law of our land. The Administration is rigorously implementing that law. In so doing, we have found ourselves hoping that this shock treatment would produce results.

The verdict is not yet in, but the evidence to date, while not conclusive, is not particularly encouraging.

What have been the results? The government of P.W. Botha has used the intervening months to devise means of circumventing the sanctions, shifting the economic burdens they have wrought onto weaker neighbors, mobilizing the defiance of the white community against sanctions, and refining the tools of repression against blacks. Meanwhile, the American corporate presence has shrunk appreciably. Our relationship with the South African Government has been prickly; our contacts with elements of the black community have been expanding. But we are not a "major player" on the internal scene.

Some in the United States now propose still further sanctions—indeed, a total trade embargo—and some are recommending total disinvestment from South Africa. This is a formula for total American withdrawal.

Unfortunately, apartheid will not go away just because we do. The course more consistent with American principles is to stay involved as a force for peaceful change. The alternative to an eventual radical and violent end to apartheid is a negotiated political accommodation now, before it is too late. The moral—and the practical—course is to use our influence, whatever its limits, to encourage a peaceful transition to a just, postapartheid society. Cheering from the sidelines as a race war erupts in South Africa is not a role worthy of Americans.

Nor is a race war inevitable. Black resistance to the white minority government in South Africa has claimed some 2,500 lives over the last 3 years. This is a terrible toll; unchecked it could become much more. Tragical examples abound; we should not forget that up to 1 million died in the Algerian war. And growing violence is not inevitable. The only responsible course is to bend every effort to hasten the end of apartheid without a bloodletting.

This worrying tendency to disengage from South Africa is matched elsewhere in the region. There are voices in this country who would like us to punish or turn away from other governments in southern Africa. While some Americans want us to have no contact with South Africa, others want us to isolate ourselves from governments in Mozambique, Zimbabwe, or other front-line states. They see evidence of Soviet involvement, internal conflict, economic difficulties, and human rights problems, and they ask why we should lend any support to these governments. We see these problems, to be sure, but we also

see governments trying to move away from reliance on Moscow; of governments turning away from collectivist economic policies to those favoring a freer market; of governments attempting to cope with serious political and economic problems not exclusively of their own making.

Two cases deserve mention here. Some see a contradiction between our application of the Reagan doctrine—a doctrine that seeks to promote self-determination and freedom from communist rule around the world—in Angola and Mozambique. There is no contradiction. Our purpose is the same: to oppose efforts by the Soviet Union to undermine the independence of these countries or to use them for strategic advantage and to create circumstances in which they can move peacefully toward a future of true independence, liberty, and prosperity.

The Governments of Angola and Mozambique have responded to our initiatives in southern Africa in different ways, and the opposition movements in these countries are, likewise, a study in contrasts. This explains our differing approaches in these two cases.

In Mozambique, the government has steadily improved its relations with the West. President Chissano recently made highly successful visits to Great Britain and Italy; Mrs. Thatcher increased aid to Mozambique by \$75 million and enlarged the scope of the existing military training program. Mozambique has joined the IMF [International Monetary Fund] and moved away from Marxist-inspired economic policies. It has played a constructive role in southern Africa negotiations, denied the Soviets base rights, broken with the Soviet line on Afghanistan and Cambodia, sought peace with South Africa, and—as a consequence of its policies—seen a decline in Soviet military aid. We recognize the Government of Mozambique and enjoy constructive relations with it.

The insurgent movement in Mozambique, RENAMO [Mozambique National Resistance Movement], was created by the former government of Ian Smith in Rhodesia and has, in recent years, received arms and training from South Africa. It is politically fragmented and lacks a political program. It has demonstrated its ability to destroy and disrupt but not to build or to pursue constructive solutions to the country's conflicts. It walked away from cease-fire negotiations with the government in 1984 and pursues a military strategy that appears more responsive to South African than Mozambican interests.

In Angola, by contrast, the MPLA [Popular Movement for the Liberation of Angola] regime has deepened its close relationship with the Soviet Union and its allies, joined the Council for Mutual Economic Assistance, become ever more dependent for its survival on the Cuban forces that installed it, received increasing supplies of Soviet weaponry, supported SWAPO [South West Africa People's Organization] violence in Namibia, and granted the Soviet Union base rights. For these reasons, we, like the Ford and Carter Administrations, do not recognize the MPLA regime. UNITA [National Union for the Total Independence of Namibia], in contrast to RENAMO, has decades-old, anticommunist and nationalist credentials; charismatic, cohesive leadership; a credible political program; a functioning system of authority in areas it controls; a clearly articulated and realistic objective of a negotiated settlement with the MPLA; and longstanding, widespread popular support within Angola.

These distinctions in the circumstances are important. They account for the different approaches we have pursued in Mozambique and Angola.

Economic Development in Southern Africa

Over the past several years, we have responded as more governments in the region have made courageous decisions to turn from collectivist solutions to the free market. Here again, our values have found appeal where they were once rejected. This positive trend traces to our willingness to engage with—and not isolate—those who disagree with us. Since 1981, we have contributed roughly \$175–\$200 million annually in food and economic assistance to the states of southern Africa.

Our goals have been audacious; we want to help build a southern Africa:

- That is free of apartheid, a system whose economic implications display all the evils of socialism and protectionism even as it rests on an economic base that can be described as feudal;
- That spreads the virtues and benefits of a market economy to South Africa's blacks;
- That receives greater value added from its mineral and agricultural production;
- That is self-reliant in food;
- That manufactures more of its own capital goods and generates some internal capital from locally owned companies;

- That is able to offer new employment and increased incomes to a skilled workforce, a workforce that can move across borders in search of employment; and

- That has diverse economies, yet is interlinked through efficient transportation and communication systems, with substantial and balanced regional trade.

This kind of vision is not utopian. It could be realized in our lifetimes. Yet it faces formidable challenges, challenges that led President Reagan last year to propose a new multiyear Initiative for Economic Progress in Southern Africa. We asked Congress for \$93 million in additional assistance to southern Africa, to be committed over the next 18 months. Congress is on record supporting assistance to the front-line states in the Comprehensive Anti-Apartheid Act of 1986.

A substantial portion of the initiative was to be channeled to South Africa's disadvantaged majority. In the Anti-Apartheid Act, Congress authorized \$40 million over 2 years for the South Africa program. When the Reagan Administration took office in 1981, no U.S.

economic assistance was aimed at South Africa's blacks. Today we provide roughly \$25 million each year for education and training of South African blacks in such fields as labor, higher education, entrepreneurship, medicine, community development, and social work. Twenty-five million dollars injected each year into South Africa's \$80-billion economy may not seem like much, but over the years it can support the training of thousands of black South Africans, equipping them with skills they can use tomorrow, when they can take their rightful place in a multiracial society.

Our official assistance complements the much more substantial efforts of American businesses, which have contributed several hundred million dollars for humanitarian projects since the inception of the Sullivan code more than 10 years ago. Reverend Sullivan has earned the respect of all Americans through his impressive record of achievement in South Africa. Yet his recent decision to call for total disinvestment by U.S. companies and a generalized trade boycott is regrettable. Reverend Sullivan—a man of great integrity and moral weight—recently described the Sullivan principles as:

... a tremendous force for change in South Africa. When the Sullivan Principles were introduced ten years ago, a black man did not even have the legal status as a worker in South Africa. The Principles broke new ground for black rights in South Africa that

had not existed for 300 years. They have caused a revolution in industrial race relations for black workers in that country.

I would hope the substantial and tangible gains Reverend Sullivan properly cites would not now be rejected—or, worse yet, reversed—because the effort of U.S. firms has not brought apartheid's complete demise.

The impulse to retreat shows up also in proposals to reduce our assistance to the other nations of southern Africa. I referred earlier to the many economic problems confronting southern Africa's black-ruled states. Some of these have been of their own making, mainly the result of poor national economic policies based on misguided socialist philosophies. Some of them reflect such factors as drought and low export prices. All of them have inhibited growth and opportunity.

Many southern African governments are turning away from collectivist practices to the free market. We want to encourage this by providing help in making this welcome transition. This is why the President proposed new multiyear funding for southern Africa to Congress last year.

Congress' response to the President's assistance proposal, however, has not been encouraging. The level of funds requested will, at best, be greatly reduced; at worst, it could be completely eliminated. This bad news has been compounded, however, by tacking on political amendments that set impossible and irrelevant criteria for the intended recipients of our assistance. Some of the amendments added in the House and Senate are intended to bar aid to all the countries of the Southern Africa Development Coordination Conference—a result that is perverse and unjustifiable in terms of our national interests.

Resolving Disputes Through Negotiation

Many observers in and outside southern Africa regard present trends in the region with despair. In South Africa, they see an inevitably bloody resolution as positions harden over the central question of political power. This is a grimly deterministic scenario that sees a racial civil war as the only solution. In southern Africa, they see continuing cross-border raids, civil wars, Soviet and South African interventions, and economic decline as reasons for steering clear of catastrophe.

Southern Africa is surely at a dangerous and delicate stage, and

moderate voices must struggle to be heard. It would be irresponsible for us to conclude, however, that we have nothing to offer southern Africa or that the best way for us to help is to pick up our marbles and come home. I have already indicated ways in which we can help in the important areas of human rights and economic development. Let me turn now to another way we can help, namely, by encouraging the resolution of conflict through negotiation.

There is an alternative to civil war in South Africa and to violence in the region, the alternative presented by peaceful transition through negotiations. This is not an unrealistic alternative. There is harsh resistance to change on the right in South Africa, but there are other voices also. The recent elections for the white parliament can be read several ways. We do not have to accept the South African Government's definition of change to say—as we do—that we see continuing movement. There is a dynamism that the government does not control completely and that could produce openings for negotiations.

It is misleading to talk about a status quo in South Africa. No party in the recent white elections accepts the status quo. Roughly 30% of whites voted for the Conservative Party on the right. This was a vote for change in the direction of further racial separation and geographical partition. In contrast, ruling National Party voters generally accept or actively favor a new constitution, less separation, and black-white negotiations. For National Party voters, change is coupled with tough security measures, but it is change, nevertheless. Further left on the spectrum, the white voters had a number of choices, including boycotting the election altogether. However fragmented their voices, all want faster movement toward the dismantling of apartheid and negotiating constitutional change. There is a comparable diversity of views, one suspects, among blacks, though their opportunities to express their views are sharply circumscribed.

In short, change is everyone's expectation. The question is whether key elements on the political spectrum are prepared to negotiate it.

At present in South Africa, no party seems ready for broad political negotiations; nor has any side asked the United States to mediate. And yet, we and other Western nations have good access to all contenders to the dispute in South Africa. We are in a position to encourage all parties to move closer together on the central questions of political

power and constitutional guarantees and to accommodate contending points of view. Demonstrating that the West intends to remain involved can itself help to create conditions and attitudes among all contenders that will make our diplomacy more powerful.

In other words, making clear what we are for in expressing our willingness to help can, over time, affect the balance of forces to the benefit of those who favor negotiation and moderation. By underscoring the necessity for compromise and our interest in results, as distinguished from mere postures, we can let all South Africans know that only they can make the decisions that will shape their future and that the failure to decide will also shape that future. It was for these reasons that Secretary Shultz met with ANC [African National Congress] leader Oliver Tambo in January. The Secretary encouraged Mr. Tambo to discuss his vision for South Africa concretely and to recognize that violence will not produce a solution. We think the exchange between Mr. Shultz and Mr. Tambo will produce a greater realism both on the part of the ANC and on the part of the South African Government.

This is the message being carried to all South Africans by our very able ambassador, Ed Perkins, and his staff. You can be proud of the activism and commitment of your country's diplomats stationed in South Africa. They face a formidable challenge in what may be the most difficult diplomatic post abroad, but they know the stakes are high and their mission is an honorable one.

In the region, meanwhile, negotiations over Cuban and South African troop withdrawal, leading to an end to the civil war in Angola and Namibian independence, have recently resumed. A successful outcome would confer benefits regionwide. Desirable in their own right, solutions to these two related problems will reduce Soviet influence and regional violence. A spirit of accommodation and compromise will also again be vindicated, an essential attitude if a climate of moderation and stability is to prevail in southern and South Africa.

A Final Word on Consensus

The United States has had a consistent commitment to peace with justice in southern Africa. This is demonstrated by:

- Our positive emphasis on what we are for, as well as what we are against, in southern Africa;

Germany's Decision on Proposed INF Reductions

PRESIDENT'S STATEMENT, JUNE 4, 1987¹

I welcome the statement today by the Government of the Federal Republic of Germany to the *Bundestag* supporting deep reductions in an entire class of nuclear weapons. This decision sets the stage for establishing a common NATO position at the coming foreign ministers' meeting in Reykjavik.

The position which our country takes with the Soviet Union on SRINF [short-range intermediate-range nuclear forces] affects both the security of the NATO alliance and the entire West. I am confident that based on discussions within NATO and those that will occur here in Venice, a foundation will be laid for equal and verifiable global constraints on U.S. and Soviet SRINF missiles in the near future. Once that is established, I will instruct our negotiators in Geneva to incorporate this into the U.S. position.

NATO actions on INF represent a major success story. The alliance has been resolute in responding to the deadly new threat to the West sparked

by the Soviet deployment of new triple-warhead SS-20 missiles targeted against our allies. NATO has steadfastly implemented its 1979 double-track decision which countered this threat. It is the fact that NATO was willing to deploy its own INF missiles, while simultaneously seeking a balanced and verifiable arms reduction agreement, that brought the Soviets back to the negotiating table in 1985 and gave us the opportunity to achieve—for the first time in history—deep reductions in, and possibly the elimination of, an entire class of nuclear weapons.

Our actions on INF have always been characterized by close consultations with our friends and allies in both Europe and Asia. Chancellor Kohl's announcement today should be seen in that context. I commend the Chancellor on the leadership he has shown on this issue. I am determined to continue working closely with our allies on these issues and to sustain the strength of our alliance.

¹Text from Weekly Compilation of Presidential Documents of June 22, 1987. ■

- Fortright insistence that an effective American policy must be based on a diplomatic effort; sanctions by themselves do not represent a policy;

- Strong conviction that American business and investment can play a constructive role in South Africa and the region;

- Substantial U.S. regional assistance, including the President's new southern Africa aid initiative; and

- A clear challenge to all the leaders of southern Africa to build a better future rather than destroy the region through a self-defeating descent into violence.

Africa's leaders know—as do you and I—that the United States and the West are uniquely relevant to the problems of southern Africa. For us to have the greatest positive impact in southern Africa, however, we must build a

national consensus behind policy toward the region—a consensus that assures continuity and purpose in our diplomacy.

Consensus does not happen spontaneously. It must be nurtured; it grows from knowledge and experience. We need to decide what we are for and know what means are available to achieve our goals. And we will achieve neither consensus nor results if our public discourse is divorced from facts and from a realistic understanding of the problems at hand.

I see no reason why a consensus behind our southern African policy should elude us. The themes I have described tonight—those of human rights, economic development, and the resolution of conflict through negotiation—derive from American experience and American values. We should pursue them proudly as we help southern Africa come to terms with its problems. ■

The U.S., Japan, and Asian Pacific Security in Perspective

by Michael H. Armacost

Address before the 1987 Mansfield Conference in Missoula, Montana, on May 29, 1987. Ambassador Armacost is Under Secretary for Political Affairs.

It is a great honor to speak at the Mansfield Center and to address a subject close to Mike Mansfield's heart. Montanans, like all Americans, are justly proud of Mike. To his distinguished careers as a teacher and a legislator, he has added the luster of exemplary service as a diplomat.

In Washington, Mike has long been a legendary figure. And for good reason. During lengthy service in a profession noted for hyperbole and circumlocution, he was famous for his spare, cogent, and straightforward remarks. In a city full of grandstanders, he acquired authority while shunning the limelight; he concentrated on results and achieved them. During a time when many obtained notoriety by cutting corners, Mike established a reputation for rectitude and integrity which all admired and few could match. In a political environment dominated by the daily headlines, he brought a historian's feel for long-term trends, and he insisted that we remain true to our values and our unique destiny as a nation.

As an ambassador, Mike has become a legend in Japan as well. This is not because of his rhetoric, though he can speak with great eloquence when he warms to a subject. It is not a tribute to his durability, though the Japanese respect age, and Mike recently surpassed Joseph Grew's record as our longest sitting ambassador in Tokyo. The Japanese refer to Mike as "*Otaishi*" or "*Sensei*" because they recognize in him those qualities required by great diplomats. Americans sometimes regard diplomacy as synonymous with duplicity, double-dealing, and deceit. Mike has reminded people—here and in Japan—that the consummate diplomatist requires honesty, precision of language, mastery of substance, fidelity to the objectives of his own nation, and sensitivity to the interests of others. Mike faithfully represents what is best of America to Japan. He also represents Japan with empathy and understanding to Americans. He is an invaluable asset

to both countries. A biologist who crossed a leopard with a parakeet said of the result of his experiment: "When it talks, I listen." I would say the same of Mike Mansfield.

The U.S.-Japan Relationship

If Mike were here today, I am sure he would affirm several propositions which have been central to his own appreciation of the U.S.-Japan relationship.

- The 21st century will be the age of the Pacific.
- The U.S.-Japan relationship is our most important bilateral relationship and is taking on added significance with each passing day.
- The value of that relationship is measured not merely by the benefits it brings to our two nations but in the capacity we possess jointly to ameliorate and resolve regional and international problems.

These are important truths. It is useful to remember them at a time when trade disputes dominate virtually all discussions of our relationship. The air seems filled with accusations, threats, and recriminations. In this country, Congress is contemplating a plethora of protectionist bills aimed at Japan, most containing threats of sanctions. Organized labor and many businessmen speak of Japanese competition with awe, irritation, anger, a sense of grievance, a conviction that Americans do not enjoy "fair" access to Japan's market, and fear of a rising tide of imports not only in the manufacturing sectors but in high-technology products where America has long enjoyed a comparative advantage. In Japan, meanwhile, impatience with what is perceived to be the inconsistency of American policy is increasing. And frustration with what are considered as high-handed American pressure tactics is growing—even among those Japanese who reluctantly concede that without pressure, change comes too slowly.

Yet our relations with Japan go well beyond the current trade frictions. The political and economic interdependence between our countries has grown dramatically in recent years. Concerns about the equitable sharing of the burdens as well as the benefits of this relationship are natural and inevitable. But a fair judgment of those equities is possible only if we consider the wider

dimensions of our interaction with Japan. It is that bigger picture to which I should like to devote my remarks this afternoon.

Japan's Growing Weight in the World

Historians of the future are likely to regard Prime Minister Nakasone as a towering figure. He has guided Japan through a series of administrative and economic reforms designed to prepare his nation for the next century while assuming a wider range of international responsibilities now. Japan's industrial and commercial prowess is universally respected. Less than 20 years ago, Japan's per capita GNP [gross national product] was twentieth in the world; today it matches our own. Japan alone produces fully one-tenth of the world's GNP.

As a trading nation, Japan has few peers. In 1986, it ran a current account surplus of \$86 billion. The Japanese are not only America's major overseas trading partner, they also surpass all others in their bilateral trade with virtually every Asian country. Japanese companies are increasingly transnational. In 1985, Japan's nine top trading companies achieved over \$80 billion in offshore sales; that is to say, more than the total of their exports from Japan itself. Japanese industries are building much of their new manufacturing capacity outside Japan in order to capitalize on locally available raw materials and lower wage rates. In the process, they are spurring the export-led growth of many neighbors and are becoming a provider as well as a beneficiary of technology transfers.

Japan has also become a major source of overseas investment, the yen a major international currency, and Tokyo a key financial center in the world economy. Yen-denominated Eurobonds now account for 15% of all the Eurobonds issued. Twelve percent of international bank loans last year were denominated in yen—a threefold increase over 1982. Seven of the 10 largest commercial banks in the world are Japanese. It is the world's leading creditor nation, holding roughly \$500 billion in overseas assets. More than one-fifth of that total may currently be invested in U.S. Government securities, thereby helping to finance the U.S. fiscal deficit. Total capitalization of the Tokyo Stock Exchange exceeds that of the New York Stock Exchange. Nomura Securities, Ltd. is now the largest securities

broker in the world. The lure of Japanese funds has proven so attractive that last month the Chicago Commodities Exchange initiated night trading several times a week to improve access for Japanese investors to U.S. commodities markets. Predictably, as Japan's financial power has increased, its stake in the economic stability and prosperity of other nations has grown.

So has Japan's influence on international economic policy deliberations. Tokyo launched the GATT [General Agreement on Tariffs and Trade] round of tariff reductions in the 1970s, is a key participant in the summit meetings of the industrial democracies, and has been a prime mover in organizing the upcoming Uruguay Round of multilateral trade talks. It is a central player in the G-5 financial club and has established a prominent presence wherever central bankers gather.

Japan has become a major provider of assistance to developing countries. Its foreign aid budget has steadily expanded. Over the last 5 years, apart from the United States, Japan has been the largest aid donor in the OECD [Organization for Economic Cooperation and Development]. Last year, the Japanese Government announced its intention to double foreign aid by 1992. Recently, it revised that target to 1990. At this pace, if budgetary constraints on our own programs persist, Japan could overtake the United States as the largest provider of development assistance by the early 1990s. In the past, Japan's aid effort was characterized by critics—with some justification—as an export subsidy program. Increasingly, its assistance efforts are directed toward humanitarian and political aims, as well as commercial objectives and the improvement of the global economic environment in which Japan—along with the rest of us—must live and work.

Japan, finally, is also gradually assuming larger security responsibilities. To the relief of its neighbors, it continues to forswear the role of a great military power. Yet, stimulated by awareness of its growing economic status, buoyed by a sense of national pride, sensitive to U.S. pressures for a more equitable sharing of mutual defense burdens, and aroused by the continuing Soviet military buildup in Asia, Japan has steadily increased its defensive military capabilities to assume responsibility for the conventional defense of its homeland.

Today Japan's defense expenditures rank seventh in the world. In January,

the Japanese abandoned their traditional 1% of GNP ceiling on defense spending. While its Self-Defense Forces remain short on readiness and sustainability, they possess state-of-the-art equipment for command and control and maritime and air defense systems. The Japanese deploy more tactical fighter aircraft than do U.S. forces in Asia; their navy fields more destroyers than does the U.S. Seventh Fleet; they are developing a new frontline fighter aircraft.

The Japanese have broadened their self-defense missions to include defense of sealanes up to a thousand nautical miles south of Tokyo. They have embarked on a cautious but steady defense buildup aimed at acquiring the capabilities necessary to fulfill somewhat more ambitious roles and missions. Most importantly, Prime Minister Nakasone has clearly placed Japan within the Western camp. In 1981, inclusion of the word "alliance" in a communique issued at the end of a visit by Prime Minister Suzuki to Washington nearly brought about the downfall of his government. At the Williamsburg summit meeting in 1983, Prime Minister Nakasone asserted that "Japan is now firmly a member of the West."

There are other indicators of the growing impact of Japan upon the world and the world upon Japan. Twice as many Japanese travel abroad now as did so a decade ago. The number of businessmen working overseas has more than tripled, as has the number of Japanese scientists serving abroad. The numbers of foreign businessmen, students, and teachers residing in Japan have, likewise, increased in a comparably dramatic fashion.

What is clear, I believe, is this: Japan is no longer merely reacting to the vicissitudes of the external environment. It has become a powerful player on the international political and economic scene. It has identified itself with the Western industrial democracies. It is becoming "internationalized" in the sense that it recognizes not only that it has responsibilities to the international community but also that its self-interest requires it to meet those responsibilities.

Impact on U.S.-Japan Relations

This transformation of Japan's international role is welcome, though some Americans appear to believe it is "a day late and a dollar short." I will not attempt a comprehensive analysis of the implications of these changes on our bilateral relationship. A few comments must suffice.

The biggest changes have come in the economic area, where the relative balance of power has shifted most dramatically. Even there, the impact has been mixed. For one thing, there is universal admiration for the quality of Japanese products. Consumers vote with their pocketbooks, and Japanese manufacturers have won a resounding endorsement. Then, too, an infrastructure for supporting imports from Japan has emerged involving those in marketing distribution, service and maintenance, and financial institutions. They have an active and tangible interest in keeping the U.S. market doors open. The strength of Japan's trading position and the size of its bilateral trade surplus with the United States has provoked strong reactions, stimulated a searching look at Japanese trading practices at home and abroad, and fueled protectionism—particularly in the unions, in the business community, in the Democratic Party, and in Congress. Hypotheses regarding the root causes of the trade imbalance abound. They range from crude shibboleths to sophisticated theories. The former frequently dominate public discussions. The Administration has shunned both simplistic explanations and simple-minded remedies. It has been guided by the following general premises.

- Trade deficits of the magnitude we have run in recent years are neither politically nor economically sustainable; adjustments must and will be achieved.
- In promoting a more balanced trade, we should rely on measures which expand rather than contract commercial exchanges.
- We should preserve open markets and shun the regulation or cartelization of trade.

In keeping with this approach, the Reagan Administration has undertaken a variety of efforts to redress the bilateral trade deficit.

- Voluntary export restraints were instituted to cope with the rapid expansion of Japanese car imports in the early 1980s. Voluntary restraints have also been utilized to protect critical industries like machine tools and steel.
- In 1985, we initiated a series of sectoral negotiations—the so-called MOSS [market-oriented, sector-selective] talks—designed to open up the Japanese market in fields such as telecommunications, forest products, electronics, pharmaceuticals, and medical equipment—products in which the United States is competitive if the playing field is level.

Last year, exports in these sectors were up by 12%.

- Major efforts have also been devoted to achieving greater market access in Japan for leather and tobacco products and semiconductors. Sanctions have been invoked to induce compliance with an agreement on semiconductors.

- Of greater significance, the United States has worked to encourage adjustments in the relationship between the dollar and the yen—a factor which affects our trade competitiveness across the board. Since 1985, the yen has appreciated by 60% against the dollar. While the expected impact on our trade deficit has been slow in appearing, major adjustments are inevitable, and recent statistics suggest they have begun to occur.

- As concern about the trade imbalance has grown, the Administration's attention has turned increasingly to structural imbalances in our respective economies which affect our trading relations. Of paramount importance in Japan is the imbalance between the rate of domestic savings, which remains very high, and domestic investment, which is relatively low. This persistent imbalance reinforces Japan's time-honored reliance upon the export sector to sustain high growth. Japanese economists and officials have belatedly acknowledged this imbalance. The highly regarded Maekawa report concludes that the Japanese Government should shift to a greater reliance on domestic demand for growth. While the report occasioned laudatory editorials, its conclusions are only now beginning to be implemented by policymakers.

During Prime Minister Nakasone's recent visit, he foreshadowed a \$35-billion supplemental budget request to stimulate domestic demand. News reports this morning indicate Cabinet approval of a slightly higher fiscal stimulus package, to the tune of \$42 billion in increased public works spending and a tax cut.

- We know, of course, that our own fiscal deficit has an impact on our competitiveness in international markets. The Gramm-Rudman-Hollings legislation reflects congressional awareness of this problem, as well as their selection of a blunt instrument for coping with it. The Administration certainly recognizes that the fiscal deficit must be brought under control. And it has begun to address systematically how adjustments of public policy in other areas (e.g., education, research and development policy) can help restore American competitiveness.

Japan—A Profile

Geography

Area: 377,765 sq. km. (145,856 sq. mi.); slightly smaller than California. **Cities:** *Capital*—Tokyo. *Other major cities*—Yokohama, Nagoya, Sapporo, Osaka, Kyoto. **Terrain:** Rugged, mountainous islands. **Climate:** Varies from subtropical to temperate.

People

Nationality: *Noun and adjective*—Japanese. **Population** (Dec. 1985 est.): 121,180,000. **Annual growth rate** (1985): 0.6%. **Ethnic groups:** Japanese; Korean 0.6%. **Religions:** Shintoism and Buddhism; Christian 0.8%. **Language:** Japanese. **Education:** *Literacy*—100%. **Life expectancy** (1983)—males 74.2 yrs., females 79.8 yrs. **Work force** (58.0 million, 1985): *Agriculture*—9.5%. *Trade, manufacturing, mining, and construction*—34.1%. *Services*—48.1%. *Government*—5.9%.

Government

Type: Parliamentary democracy. **Constitution:** May 3, 1947.

Branches: *Executive*—prime minister (head of government). *Legislative*—bicameral Diet (House of Representatives and House of Councillors). *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.

Flag: Red sun on white field.

Economy

GNP (1985): \$1,322 trillion. **Real growth rate:** 4.5% 1985; 4.3% 1975-85. **Per capita GNP** (1985): \$10,922.

- Finally, we have joined with Japan and others to promote the Uruguay Round of GATT trade negotiations. And we have seen to it that the issues of greatest concern to us—i.e., services trade, high-technology goods, and agriculture—are high on the agenda of those negotiations.

These efforts have not yet succeeded in restoring a balanced trade with Japan. The underlying problems are being addressed, however, and the steps taken are beginning to produce results.

Natural resources: Negligible mineral resources, fish.

Agriculture: *Products*—rice, vegetables, fruits, milk, meat, silk.

Industry: *Types*—machinery and equipment, metals and metal products, textiles, autos, chemicals, electrical and electronic equipment.

Trade (1985): *Exports*—\$175.6 billion: motor vehicles, machinery and equipment, electrical and electronic products, metals and metal products. *Major markets*—US 37.1%, EC 11.4%, Southeast Asia 18.9%, communist countries 9.2%. *Imports*—\$129.5 billion: fossil fuels, metal ore, raw materials, foodstuffs, machinery and equipment. *Major suppliers*—US 19.9%, EC 6.9%, Middle East 23.1%, Southeast Asia 23.4%, communist countries 6.5%.

Fiscal year: April 1–March 31.

Exchange rate (Sept. 1986): About 155 yen = US\$1.

Total net official development assistance: \$3.8 billion (1985 disbursements 0.29% of GNP).

Membership in International Organizations

UN and several of its specialized and related agencies, including the International Monetary Fund (IMF), International Court of Justice (ICJ), General Agreement on Tariffs and Trade (GATT), International Labor Organization (ILO), International Energy Agency (IEA); Organization for Economic Cooperation and Development (OECD); INTELSAT.

Taken from the *Background Notes* of Feb. 1987, published by the Bureau of Public Affairs, Department of State. Editor: Juanita Adams. ■

A second major adjustment in our economic relations is occurring as a result of the growing volume of cross-border investment. Japanese investment in production facilities in the United States is growing rapidly; American investment in Japan is also increasing, albeit at a slower clip. This two-way flow of investment funds creates jobs, blunts protectionist pressures, familiarizes the peoples in each country with the management practices and labor relations traditions of the other. It is breaking

down economic barriers and should, in time, dampen some of the tensions stimulated by trade frictions.

Japan's status as a major aid donor is a third development affecting our bilateral relationship. Japan's augmented assistance efforts increasingly compensate for recent shortfalls in our own foreign aid budget. The Japanese, who recognize the constraints on their ability to assume a major military role, regard their economic assistance as a contribution to Western security, since it enhances the stability of critically important Third World countries. Japanese assistance to important Asian nations like Korea, the Philippines, Indonesia, and Thailand, as well as nations farther afield (e.g., Pakistan, Turkey, Egypt, Zambia, Zaire, Kenya, Jamaica, and Honduras) represents evidence of this "comprehensive security" policy approach in action. The drastic congressional cuts in U.S. foreign assistance have made Japan's rapidly expanding economic assistance all the more critical to developing countries facing crushing debt burdens.

Finally, as Japan's defensive capabilities grow, our mutual security arrangements with Japan have become a more operationally relevant feature of the balance of power in East Asia. U.S.-Japan defense cooperation has grown impressively in recent years. Host nation support for U.S. forces in Japan has increased dramatically. Japan provides homeporting for the only U.S. carrier battle group based abroad. Joint planning—virtually unthinkable in the early 1970s—has become routine. Joint exercises have increased in number and scope. Technology-sharing agreements have been negotiated which assure a two-way street in defense research and development efforts. Professional relations between our military establishments have been placed on a firm footing.

While Japan has assumed more ambitious self-defense roles and missions, the broad contours of our strategic division of labor remain intact. The United States supports Japan by extending a nuclear umbrella, by protecting long-distance sealanes of communication and trade, and by maintaining a military presence in the western Pacific to assure an adequate regional deterrent. Japan, meanwhile, has assumed responsibility for its own conventional defense, is providing growing financial and other support for our residual military presence—thereby facilitating the efficient and

cost-effective projection of American power into East Asia and the western Pacific and Indian Oceans—and is contributing to mutual security interests by extending generous aid to other American allies (e.g., South Korea, the Philippines, and Thailand) and front-line states (e.g., Pakistan and Turkey). Defense and international political cooperation has grown, despite the accumulation of frictions.

Our Present Dilemma

The United States and Japan have increasingly interdependent economies. Our strategic dependence on one another has grown. Our mutual commitments are so extensive that we have virtually no alternative but to muddle through any present difficulties. But clearly, we are going through a rough patch. Mainly, this reflects the fact that American expectations of a new pattern of international burdensharing have outpaced the rate at which Japan has taken on new international responsibilities. The result is frustration, a preoccupation with questions of fairness, and a harder look at who is getting a "free ride."

Within the U.S.-Japan alliance, we have constantly had to reconfigure the distribution of the political burdens of our relationship. In the past, Americans shouldered a disproportionate share of those burdens. We were willing to do so. But the bilateral balance of economic strength has changed. A growing trade deficit, the political pressures stimulated by intense Japanese competition, and the stringencies of our Federal budget have all increased pressures for more rapid adjustments in the redistribution of international burdens than the Japanese political system has produced.

In Japan, meanwhile, growing economic strength encourages a more ambitious vision of Japan's international role, yet also fuels resistance to criticism and advice from abroad—particularly when such advice is offered publicly. The Japanese have also begun to offer more forthright expressions of their own assessments of our economic performance and our international strategy. The potential for friction grows as our interdependence expands. This is natural, but the adjustments are no less difficult.

Japan has achieved remarkable stability through reliance on consensus-building techniques of policymaking. Opposition to new initiatives is worn down, coopted, encircled, and enveloped. The results have been impressive. But it is a time-consuming process, and we are an impatient people. The heaviest

burdens of adjustment tend to fall to the strong. With its growing strength, it is natural to expect some acceleration in the pace at which it takes on broader responsibilities.

The Future Agenda

Over the past several decades, we have created an elaborate superstructure for consultations with the Japanese. We talk a great deal with each other. Contacts have proliferated between our respective bureaucracies. At the highest level, our political leaders not only know each other, they like each other. Given the importance of our relationship to both countries and to the world, it is essential that we reach some broad understandings on key issues through mutual give and take.

Bilateral Trade. The deficit will be reduced. The only question is whether the reduction is accomplished in a manner which strengthens or weakens our broader relationship. On the U.S. side, it is important that we resist the temptation to legislate ill-considered protectionist measures. While protectionism may offer temporary relief to some producers, it will also reduce opportunities for American consumers to buy high-quality products at reasonable prices; remove the spur of competition from our industry; encourage inflation; invite retaliation; introduce rigidities into the international trading system; and exacerbate tensions among the Western democracies at a time when unity and cooperation are needed.

We must deal forthrightly with our huge budget deficit. Market-opening efforts with Japan and others will not bring benefits to the United States unless our businesses do their homework and aggressively work to sell their products in one of the most sophisticated markets in the world. And we need to restore the sources of our competitiveness in the field of trade.

On Japan's side, it is essential that wider access to its market be promptly extended. It always takes time to translate professions of intent into results. But now is the time for action, particularly with respect to Prime Minister Nakasone's proposed \$42-billion fiscal package to stimulate domestic demand and spur higher growth. The sooner it is enacted, the better. Its prompt implementation will provide an acid test of Japan's commitment to diminish reliance upon export-led growth.

Aid and the Debt Problem. As our budget deficit has grown, congressional support for our foreign aid has diminished. Over the past 3 years, Congress has cut our international affairs budget by more than 25%. These cuts are unwise and imprudent. They are penny wise and pound foolish. They offer little immediate budgetary relief while jeopardizing long-term interests. This is our problem. We must deal with it. We will, but it may take time.

In the meantime, Japan's aid efforts become all the more critical. We welcome the large prospective increases in Japan's foreign assistance budget in Japan. We hope to see the concessionality of loan terms improved even further, along with increase in the grant component of Japanese aid. Anticipating a doubling of overall assistance levels within the next few years, we hope that a disproportionate share of the increases will be devoted to areas other than Asia, which currently absorbs 70% of all Japanese aid. Asia is important. Japan's assistance programs have contributed to the remarkable growth and stability of that area. But the vitality and resilience of the Pacific basin permits increased attention to other, less fortunate regions. In particular, we believe that expanded efforts are warranted in:

Central America, where fledgling democracies are struggling to consolidate recent political and economic reforms;

Southern Africa, where the "front-line countries" are vulnerable to economic sanctions from Pretoria; and

The Middle East, where declining economic fortunes in countries like Egypt and Jordan pose challenges to regional stability.

Japan, moreover, is well-positioned to take a larger leadership role in dealing with Third World debt problems. Indebtedness of developing countries is growing. Efforts to reduce our own trade deficit may impinge on their export earnings. Reductions in our aid budget reduce our ability to encourage needed policy reforms. Austerity has eroded the political framework that enabled Third World leaders to accord priority to debt servicing over domestic growth. Japan's role in augmenting its own growth, opening its markets, and expanding capital transfers to the less developed is crucial.

Japan's recently announced plan to make \$20 billion of foreign exchange earning available to debtor nations through a combination of untied export

credits, increased contributions to multilateral development banks, and loans jointly financed by government and private institutions is particularly timely. We shall await details with interest and, I might add, a certain amount of envy.

Mutual Security. We must continue to deepen our defense cooperation. In this area, Americans remain deeply ambivalent. Some apparently wish to see a Japan with sufficient military power to counter the Russians yet without so much as to reawaken the fears of neighbors like the Chinese and Koreans. This is a difficult trick to pull off. Undoubtedly, there is more Japan can do to improve its defenses. One percent of GNP was a very modest ceiling for defense spending. We need have no fear that breaching it will revive Japanese militarism. We devote 7% of our own GNP to defense. The accelerated fulfillment of Japan's midrange plans for augmented self-defense capabilities is

fully justified. It poses no threat to Japan's neighbors.

Yet Asian nations do have their own concerns about the magnitude of Japan's defense effort. And the Japanese are appropriately sensitive to those concerns, as we should be. That means, above all, that we should continue to sustain a strong alliance with Japan. We should not encourage Japan to assume overseas military responsibilities; neither Tokyo nor its neighbors desire this. We should remain attentive to Japanese interests as we pursue our own arms control negotiations with the Soviet Union. We should continue to support Japan's historic experiment in attaining economic superpower status while maintaining relatively modest military capabilities. Since Japanese defense expenditures are limited, and interoperability of equipment is critical to close U.S.-Japan defense coordination, we shall continue to encourage cost-effective decisions on major defense procurement items such as the FX fighter.

U.S.-Japan Semiconductor Trade

PRESIDENT'S STATEMENT, JUNE 8, 1987¹

As we open this economic summit, one of our primary concerns must be the removal of barriers that seek to maintain trade imbalances and lead to protectionism. Our pledge should be to free competition in a fair market environment.

Almost 6 weeks ago, I signed an order placing sanctions on Japanese products resulting from their failure to comply with our antidumping and market-access agreement on semiconductors. The clear message was that we intend to be serious about fair trade; equally clear was our desire to lift these sanctions just as soon as the data showed "clear and continuing evidence" of compliance. Japan is a major economic partner as well as a staunch friend and ally, and we want to make every effort to resolve our differences as rapidly as possible.

Unfortunately the initial review of the data relating to the semiconductors is not sufficient for me to remove the full range of sanctions which were imposed.

However, in one area, there are strong indications that third-country dumping of DRAMS [an advanced type of semiconductor] has declined. Clearly there has been marked improvement in this one area.

I am aware of congressional concern that there be consistent, positive movement toward compliance. Therefore, I have today ordered a proportional response. DRAMS account for 60% of the \$135 million in sanctions related to dumping. The data for DRAMS show an increase from 59% to 85% compliance with fair market value, or more than halfway to an acceptable goal. I am directing a sanction release of \$51 million, a 17% reduction in the total value. This release is strictly proportional to progress to date.

The Japanese Government has given me assurances that this positive pattern with respect to third country dumping will continue. If this does not prove to be the case, I will not hesitate to reimpose the partial sanctions that have been lifted.

¹Text from Weekly Compilation of Presidential Documents of June 22, 1987. ■

Competitiveness in America: Is Protectionism the Answer?

by Douglas W. McMinn

Address before the National Association of Manufacturers' Congress of American Industry on May 27, 1987. Mr. McMinn is Assistant Secretary for Economic and Business Affairs.

I need not tell you... that the world situation is very serious. That must be apparent to all intelligent people. I think one difficulty is that the problem is one of such enormous complexity that the very mass of facts presented to the public by press and radio make it exceedingly difficult for the man in the street to reach a clear appraisal of the situation.

With these words, 40 years ago next week, Secretary of State George C. Marshall launched a great endeavor. We undertook to "assist in the return of normal economic health in the world, without which there can be no political stability and no assured peace." The Marshall Plan made available \$13 billion of bilateral assistance to Europe. Simultaneously, the United States led the way in dismantling the restrictive trade and monetary systems that nearly destroyed international commerce and ravaged the world economy in the 1930s.

Forty years ago, our policies and our actions sprung from generosity, a firm sense of purpose, and, above all, an unshakable self-confidence. Consider the postwar world—of the major countries only the United States emerged from the war with its economy intact. We had fully half of the world's productive capacity in industry and agriculture, the bulk of the world's treasure, the reference currency; in short, our economic power was unchallenged. How did we use that power? We undertook to reestablish Western Europe's prewar strength and to foster in Japan an economy that would make her a strong, stable, and friendly force in the Pacific. In the best tradition of the American frontier spirit, we did not shy away from the fact that restoring "normal economic health in the world" would eventually make strong competitors of countries that shared our political and economic values.

Today Marshall's vision is reality. Europe, Japan, and many of the developing countries took full advantage of America's self-confident policy. We no longer dominate the international economic scene—Europe reconstructed,

reorganized, and prospered; Japan experienced amazing economic growth and developed a formidable array of export-oriented industries; and many poor countries are rapidly industrializing. In essence, we have real competitors out there.

The United States is reassessing its role in this new world economy in which the impoverished of 40 years ago are becoming the wealthy of today and the economic environment has changed. The emergence of large trade deficits is unnerving. The notion that the United States of America could be a debtor country seems an affront to our national pride. Our political process has handed us budget deficits so large that we cannot comprehend their meaning or magnitude.

The stakes are high; no doubt about it. But we're still the leader, the role model for the world. Others find inspiration—good and bad—in our actions. All we need do is look around—global financial market deregulation; competition among airlines, even in Europe; tax reform in Germany, Japan, Canada, the developing world; new prominence for markets and private enterprise. All of these developments happened first in the United States.

We really have no reason to practice self-doubt. In the 1980s, the U.S. economy has demonstrated its strength and capacity for growth. This performance is a credit to the economy's flexibility, openness, and our entrepreneurship. Our success has been based to a large degree on a spirit—a spirit of America. It's the spirit of drive, determination, and self-confidence that tamed America's frontiers. It's the spirit which all of you here have.

The New Competitive Frontier

What is our new competitive frontier? It is the tough, globally competitive market that promises big rewards for firms and workers that determine how to deal with it successfully and penalties for those who do not. It is a changed economic environment characterized by greater economic parity among the major players, rapid advances in technology and communication, and enormously complex market interdependence.

The international business world is far more interrelated now than many

International Political Issues. Finally, we should broaden further our consultations with Japan on international political issues. In areas like the Persian Gulf, we are stepping up to our responsibilities because we are a global superpower with an enduring interest in protecting an extremely valuable international waterway free from encroachment by the Soviet Union. This will entail some added costs and risks for the United States. Others will benefit. Indeed, Japan has large interests in the gulf. Japan's Constitution and its politics deprive it of any military role in the gulf. But its political influence can be brought to bear along with other Western nations to encourage restraint and to promote a resolution of the Iran-Iraq war while perhaps making nonmilitary contributions to Western efforts to protect free navigation in the gulf.

Conclusion

I have spoken long enough. I have suggested that an ambitious agenda awaits Americans and Japanese who are interested in preserving and deepening the cooperation which has served both our nations so well for more than a generation. I am confident that our friendship and cooperation will be sustained. The best means of assuring this will be to take to heart Jean Monnet's wise dictum that, instead of sitting across the table from each other arguing and complaining, we should sit beside one another, place the problem on the other side of the table, and work together to find a mutually acceptable solution. That would be in keeping with the spirit in which Mike Mansfield has approached the relationship. ■

Trade With Romania, Hungary, and China

WHITE HOUSE STATEMENT,
JUNE 2, 1987¹

The President is forwarding to the Congress his determination to continue most-favored-nation (MFN) tariff status for Romania, Hungary, and the People's Republic of China. MFN is a basic element in the development of bilateral trade relations with each of these countries and is an important aspect of our political relationships as well. The President concluded that extension of MFN status to these countries for another year, in accordance with the Jackson-Vanik amendment, would serve the economic and foreign policy interests of the United States.

The decision to continue Romania's MFN status was exceptionally difficult. The issue was addressed at the highest levels of the Administration. All options were seriously considered. The President carefully weighed the strong criticisms that have been made of Romania's human rights record. He shares the concerns expressed in the Congress and by private citizens about violations of basic human rights in Romania, despite the Romanian Government's freely undertaken commitments under the Helsinki Final Act and other international instruments. He found reports concerning limitations on religious freedom and discriminatory treatment of national minorities particularly distressing. He is sympathetic to the plight of the Roman-

ian people who endure a very harsh economic and political reality. The President also has been disappointed by the Romanian Government's very limited response to our numerous expressions of concern.

However, after weighing all the factors, the President decided that we should continue the MFN relationship with Romania as long as it enables us to help substantial numbers of people. Over the years, MFN has stimulated increased Romanian emigration and made possible the reunification of thousands of divided families. MFN has also enabled us to have an impact on Romania's human rights practices and to help strengthen the conditions for religious observance there. We are not prepared to place at risk these benefits. They are more modest than we would like but, nonetheless, important in human terms.

For the President, the humanitarian considerations were most compelling in deciding to renew Romania's MFN status. He has taken the position that it is better to direct our efforts to improving conditions that arouse our concern than to abandon the principal means of influence we now have and walk away. As noted in his report to the Congress, the President has instructed Secretary Shultz to pursue our human rights dialogue with Romania with renewed vigor.

¹Text from Weekly Compilation of Presidential Documents of June 8, 1987. ■

Competitiveness and the Trade Deficit

Is our trade deficit the result of a fundamental lack of competitiveness? In the first place, I don't believe it is credible to argue that the underlying determinants of U.S. competitiveness—technology, research and development, investment, management skills, and the like—could have deteriorated so much in the 1980s as to bring about the extraordinary trade deficits of the past 4 years.

Indeed, these recent deficits have other causes. The essence of the matter is that consumption by government,

progress or international trade, are the engine that keeps productivity increasing and maintains our competitiveness. Changes in production and trade patterns keep the economy growing.

A commitment to competitiveness requires a receptivity to change, a readiness to redeploy resources, and an acceptance of open markets. Viewed in this light, some of the fallacies and misperceptions concerning "competitiveness" can be exposed. One of them is particularly troublesome to me—that trade deficits are evidence of declining competitiveness.

people, especially in government, realize. Joint ventures, global financial markets, instantaneous communications, technology-sharing, and international integration increasingly characterize the business environment. We have passed the time when we can think strictly in terms of national competition. Imposing barriers to imports often forces production offshore where inputs are cheaper; restricting our firms' abilities to sell technology simultaneously threatens the ability of other firms to buy foreign technology.

I would like to turn to the question you have asked me to address: "Competitiveness in America: Is Protectionism the Answer?" This question can help us formulate our response to the competitive challenges of today's world economy. But first, we need to clear away the cobwebs that have been spun around two perfectly good words: competitiveness and protectionism.

Competitiveness

"Competitiveness" is burdened with conflicting meanings. It is so broadly used that virtually any policy stance—from down-with-government libertarianism to thoroughgoing, statist industrial policy—can be hailed as contributing to American competitiveness.

Simply put, an economy is competitive when it uses its resources fully and effectively to raise the living standards of its people. This definition does not refer to anything about what other countries are doing. Various measures of relative efficiency may be instructive and may serve to spur us on to greater efforts. However, the key to enhancing competitiveness, and the responsibility for doing so, lies in our own hands.

The foundation of competitiveness is productivity. Productivity is determined by the skills and motivation of the workforce, the size and newness of the capital stock, the pace of technical innovation, and the expertise of management. Productivity also is enhanced by concentrating our efforts on the production of goods and services which we produce relatively more efficiently, while acquiring, through trade, goods others can produce relatively more efficiently. In more concrete terms, this prescription means that exporting firms can produce relatively low-cost, high-quality items while import-competing firms must adjust to lower foreign costs.

Advancements in production patterns, whether caused by technological

industry, and private citizens has consistently outpaced production in recent years, and thus the large trade deficits. In our case, investors in slower growing foreign countries recognized the advantages of investing here—supplementing our pool of savings. Borrowing abroad is not a problem if it finances productive investment and creates the means to service the loans.

As members of this audience understand as well as anyone, the adjustments associated with trade deficits are painful. In the early 1980s and until quite recently, manufactured exports did not grow while manufactured imports boomed. Now our manufacturers are beginning to benefit from a competitive exchange rate that reflects diminished borrowing. By all accounts, American industry is well-positioned to meet the growing demand for U.S. products.

But I won't stand here and tell you that there is no trade problem. There is a problem. We are experiencing the largest trade deficits in our history. These massive trade deficits, and the even larger Federal budget deficits, are serious and must not be ignored.

To reduce the trade deficit, we must continue to work to restore a better balance between the demand for capital—our public and private investment—and the domestic supply of capital—the savings generated by households, businesses, and government. We can invest less or save more.

We must take action to deal with our deficits and the concerns they generate. We must rebuild that important but eroding coalition of farmers, consumers, businessmen, politicians, and academics that has helped shape our trade policy. At the same time, we must guard against false solutions that will make matters worse.

Protectionism

That brings me to the question of protectionism. While we have loaded up "competitiveness" with too many concepts and ideas, we risk stripping "protectionism" of any meaning. We all want to be competitive, but few advocate protectionism anymore. Instead, some seem to be engaged in an effort to convince themselves that taking away the President's discretion in trade, making retaliation mandatory, subsidizing

exports, and the like are not protectionist in and of themselves but, rather, will help us move to "fair trade" or "level the playing field."

I would argue that, if these kinds of policies were implemented on a larger scale, the result would be a reduction in world trade. Sure, we want fair trade. Yes, we want a level playing field. But the critical question is what is it we need to be doing that will contribute to, not detract from, an improvement in our nation's competitiveness; to an improvement in our nation's well-being.

There is another aspect of fairness that I think deserves attention. Too often, the unspoken definition of fairness is "our industry always wins." Loss of market share abroad automatically translates into an unfair practice by a competitor. The trade deficit is seen as proof that American business is facing unfair competition. Fairness does not mean that every U.S. industry always prospers. Fairness means we all play by the same rules. We don't want guaranteed success; but we do insist on the opportunity to succeed.

But where unfairness exists, how should we deal with it? Retaliation—restricting access to the U.S. market—comes quickly to mind. There are two problems with retaliation.

First, it hurts our own economy.

Second, it invites an escalating and dangerous spiral of counterrestrictions.

Now, despite the risks, retaliation may be necessary in some cases. When it is, you have to act, and we have done so. What we shouldn't do, though, is base our policy on the concept of retaliation.

Protection, whether it is wrapped in neoprotectionist or traditional protectionist rhetoric, is not about improving national competitiveness. It is not about the nation's welfare. It is about Americans taking income and wealth away from other Americans. In the process it lowers economic growth and efficiency. Protection *diminishes* competitiveness, because it taxes efficient businesses and subsidizes inefficient ones.

All governments, including our own, have been very good at erecting trade barriers for any number of "nonprotectionist" reasons, but the effect has been to restrain trade and restrict competition. We need authority to negotiate

these barriers out of existence. The world needs updated and expanded trade rules. We need to be vigorous and firm in getting greater market access for our manufacturers and in getting ever-expanding world trade. We are working toward this in shaping new trade legislation and in pursuing negotiations in the Uruguay Round. What we do not need are politically motivated solutions that would impede that progress and invite retaliation at a time of increasing U.S. export growth.

Policies To Stay on the Frontier

What should the United States—its government, businesses, and workers—be doing to stay on the competitive frontier and keep pushing it out?

First, we must bring down our fiscal deficit. I should repeat that: we must bring down our fiscal deficit.

Second, we must work to eliminate the damaging rigidities that we have built into the economy. We must resist calls for increasing regulations once again—for example, on airlines, banking, and securities markets. The benefits to society of any new regulations must clearly exceed the potential harm to our long-term competitiveness. We should also continue to remove impediments to labor mobility, and we should make sure that the restrictions we maintain on high-technology exports to protect our national security take adequate and increasing account of today's economic realities and our own industrial competitiveness.

Third, we must restore the quality of our primary and secondary educational systems. In a world in which technical skills—and the willingness to upgrade them periodically—will be paramount, we are in danger of releasing into the labor force millions of young people who cannot function with even a minimal mathematical capability and cannot write at a level sufficient to compete for well-paying jobs.

Fourth, too many of our firms and workers still refuse to recognize that they are in the middle of a tough, globally competitive market. We simply cannot turn back the clock to the days of

North Atlantic Council Meets in Iceland

Secretary Shultz attended the regular semiannual session of the North Atlantic Council ministerial meeting in Reykjavik June 11-12, 1987. Following are the texts of the final communique and the Secretary's news conference.

FINAL COMMUNIQUE, JUNE 12, 1987

1. Our meeting has taken place at a time when developments in East-West relations suggest that real progress may be possible, particularly in the field of arms control. We welcome these developments and will work to ensure that they result in improved security and stability. We note some encouraging signs in Soviet internal and external policies. In assessing Soviet intentions, we agree that the final test will be Soviet conduct across the spectrum from human rights to arms control.

We reaffirm the validity of the complementary principles enunciated in the Harmel report of 1967. The maintenance of adequate military strength and Alliance cohesion and solidarity remains an essential basis for our policy of dialogue and co-operation—a policy which aims to achieve a progressively more stable and constructive East-West relationship.

2. Serious imbalances in the conventional, chemical and nuclear field, and the persisting build-up of Soviet military power, continue to preoccupy us. We reaffirm that there is no alternative, as far as we can foresee, to the Alliance concept for the prevention of war—the strategy of deterrence, based on an appropriate mix of adequate and effective nuclear and conventional forces, each element being indispensable. This strategy will continue to rest on the linkage of free Europe's security to that of North America, since their destinies are inextricably coupled. Thus the US nuclear commitment, the presence of United States nuclear forces in Europe¹ and the deployment of Canadian and United States forces there remain essential.

3. Arms control and disarmament are integral parts of our security policy; we seek effectively verifiable arms control agreements which can lead to a more stable and secure balance of forces at lower levels.

4. We reiterate the prime importance we attach to rapid progress towards reductions in the field of strategic nuclear weapons. We thus welcome the fact that the US and the Soviet Union now share the objective of achieving 50 percent reductions in their strategic arsenals. We strongly endorse the presentation of a US proposal in Geneva to that effect and urge the Soviet Union to respond positively.

We reviewed the current phase of the US-Soviet negotiations in Geneva on defence and space systems which aim to prevent an arms race in space and to strengthen strategic stability. We continue to endorse these efforts.

5. We note the recent progress achieved at the Geneva Conference on Disarmament towards a total ban on chemical weapons. We remain committed to achieving an early agreement on a comprehensive, worldwide and effectively verifiable treaty embracing the total destruction of existing stockpiles within an agreed timeframe and preventing the future production of such weapons.

6. Recognising the increasing importance of conventional stability, particularly at a time when significant nuclear reductions appear possible, we reaffirm the initiatives taken in our Halifax statement and Brussels declaration aimed at achieving a comprehensive, stable and verifiable balance of conventional forces at lower levels. We recall that negotiations on conventional stability should be accompanied by negotiations between the 35 countries participating in the CSCE [Conference on Security and Cooperation in Europe], building upon and expanding the confidence- and security-building measures contained in the Helsinki Final Act and the Stockholm agreement. We agreed that the two future security negotiations should take place within the framework of the CSCE process, with the conventional stability negotiations retaining autonomy as regards subject matter, participation and procedures. Building on these agreements, we took the decisions necessary to enable the high-level task force on conventional arms control, which we established at the Halifax ministerial, to press ahead with its work on the draft mandates to be tabled in the CSCE meeting and in the conventional stability mandate talks currently taking place in Vienna.

7. Having reviewed progress in the negotiations between the United States and the Soviet Union on an INF [intermediate-range nuclear forces] agreement, the Allies concerned call on the Soviet Union to drop its demand to retain a portion of its SS-20 capability and reiterate their wish to see all long-range land-based missiles eliminated in accordance with NATO's long-standing objective. They support the global and effectively verifiable elimination of all US and Soviet land-based SRINF [short-range INF] missiles with a range between 500 and 1,000 km as an integral part of an INF agreement. They consider that an INF agreement on this basis would be an important element in a coherent and comprehensive concept of arms control and disarmament which, while consistent with

adversarial labor and management relations and single-product firms using a mature and static technology. In fact, market pressures are inducing important changes in the way we organize our business, through risk-taking, joint ventures, technology-sharing, and improved labor-management relations, learned in no small part from our foreign competitors. Indeed, these may be the most valuable imports we have ever had. Still, we need more creativity in management, manufacturing, and marketing. Future competitive strength will demand flexibility and cooperation, not new barriers to adaptation and learning.

Since 1945, America has contributed enormously to the construction of a safe and prosperous world. I think that we should be proud of that achievement. The industrial country allies are all friendly, democratic countries—an outcome for which our postwar leaders could only dream and hardly expect to accomplish. We should welcome that world. We should ask the allies forthrightly if we or they really want to turn the clock back. In that spirit, it seems to me we can bargain better, compete more aggressively, and ultimately share responsibilities more equally. ■

NATO's doctrine of flexible response, would include:

- A 50 percent reduction in the strategic offensive nuclear weapons of the US and the Soviet Union, to be achieved during current Geneva negotiations;
- The global elimination of chemical weapons;
- The establishment of a stable and secure level of conventional forces, by the elimination of disparities, in the whole of Europe; and
- In conjunction with the establishment of a conventional balance and the global elimination of chemical weapons, tangible and verifiable reductions of American and Soviet land-based nuclear missile systems of shorter range, leading to equal ceilings.

8. We³ have directed the North Atlantic Council in permanent session, working in conjunction with the appropriate military authorities, to consider the future development of a comprehensive concept of arms control and disarmament. The arms control problems faced by the Alliance raise complex and interrelated issues which must be evaluated together, bearing in mind overall progress in the arms control negotiations enumerated above as well as the requirements of Alliance security and of its strategy of deterrence.

9. In our endeavor to explore all opportunities for an increasingly broad and constructive dialogue which addresses the concerns of people in both East and West, and in the firm conviction that a stable order of peace and security in Europe cannot be built by military means alone, we attach particular importance to the CSCE process. We are, therefore, determined to make full use of the CSCE follow-up meeting in Vienna.

The full implementation of all provisions agreed in the CSCE process by the 35 participating states, in particular in the field of human rights and contacts, remains the fundamental objective of the Alliance and is essential for the fruitful development of East-West relations in all fields. Recalling our constructive proposals, we shall persist in our efforts to persuade the Eastern countries to live up to their commitments. We will continue to work for a substantive and timely result of the conference.

10. Those of us participating in the MBFR (mutual and balanced force reductions) talks reiterate our desire to achieve a meaningful agreement which provides for reductions, limitations and effective verification, and call upon the Warsaw Pact participants in these talks to respond positively to the very important proposals made by the West in December 1985 and to adopt a more constructive posture in the negotiations.

11. In Berlin's 750th anniversary year, we stress our solidarity with the city, which continues to be an important element in East-West relations. Practical improvements in inner-German relations should in particular be of benefit to Berliners.

12. It is just 40 years since US Secretary of State Marshall delivered his far-sighted

speech at Harvard. The fundamental values he expressed, which we all share, and which were subsequently embodied in the Marshall Plan, remain as vital today as they were then.

13. We reiterate our condemnation of terrorism in all its forms. Reaffirming our determination to combat it, we believe that close international co-operation is an essential means of eradicating this scourge.

14. Alliance cohesion is substantially enhanced by the support of freely elected parliamentary representatives and ultimately our publics. We, therefore, underline the great value of free debate on issues facing the Alliance and welcome the exchanges of views on these issues among the parliamentarians of our countries, including those in the North Atlantic Assembly.

15. We express our gratitude to the Government of Iceland, which makes such a vital contribution to the security of the Alliance's northern maritime approaches, for their warm hospitality.

16. The spring 1988 meeting of the North Atlantic Council in ministerial session will be held in Spain in June.

SECRETARY'S NEWS CONFERENCE. JUNE 12, 1987³

We have just concluded an especially productive and forward-looking ministerial meeting. I think it is quite significant now that, having had a very wide and thorough process of consultation—including many personal contacts between President Reagan and his counterparts, direct consultations with foreign ministers and governments one by one, now had the meeting here in Reykjavik considering the range of INF issues, and we have been able to hear from all of the governments, from their foreign ministers—we see a very clear consensus which I can now report to President Reagan and on the basis of which he will be able to move forward.

Second, we have resolved a procedural problem that was an important procedural problem in a generally acceptable way to all sides, and so we're able to move ahead now with the discussions on conventional arms and continue the work, of course, in Vienna in the CSCE process.

Both of these matters are matters of very considerable significance, and we have been working at them hard for some time. So it was a great pleasure to be able to find a consensus and a commonality of views here in Reykjavik.

Q. [NATO Secretary General] Lord Carrington seemed to indicate there was concern that the new Soviet leadership was very active, bringing out new proposals, and that the

alliance had to do something to respond to this. Can you describe how you think you can go about this and what this concern is?

A. It isn't concern especially. It is an observable fact that the pattern of behavior and the number of suggestions per month that come forward from the present Soviet leadership is considerably greater than what preceded it. From our standpoint, that has meant that the discussions, in effect, have become more productive. From the standpoint of the United States and from the standpoint of NATO, that clearly means that we have more to work with. I think it also means that we need to be ready to respond in our own way, in our good time, but respond in good time to things that are suggested and put forward proposals of our own.

Now I think it is worth pointing out, in case anyone has missed it, that the way in which the INF negotiations seem to be coming out now is very much in line with proposals that President Reagan made back in 1981 and which we have been advocating consistently throughout this period. Of course the focus was on the long-range intermediate systems, and as those came into focus, we had to focus on the short range. Here again this was something that we had insisted from the beginning be part of any INF deal. The Soviets have accepted that idea and, when I was in Moscow, put forward a proposal that was a very interesting one and which we considered carefully and which, as an alliance now, we have a consensus in support of our response.

I think that we have to gear ourselves up to be active, as Lord Carrington said, but basically I think it opens the prospect of somewhat more fruitful negotiations, as is shown already.

Q. Now that you have this, do you see any sticking points ahead in wrapping up this INF agreement—specifically, do you suppose the 72 Pershing 1-A missiles would be an obstacle, and do you think it would be a good idea, regarding verification, for the United States to exclude certain areas for intelligence reasons from broad verification by both sides?

A. As far as the German systems are concerned, they are part of a cooperative U.S.-German weapons system. As such, they are not part of the INF negotiation. The INF negotiation concerns weapons systems that are either Soviet on the one hand or U.S. on the other don't include anything else,

and so they are not on the table. I might say that they have never been mentioned in connection with this negotiation, either in the 1981-83 set of discussions or in those now going on in Geneva, not in the Geneva meeting between the President and General Secretary Gorbachev, not in the Reykjavik meeting between those two, or in my discussions in Moscow. It has come up very recently. That is not on the table in these negotiations.

I think the negotiations are by no means over, because the problems of verification are very complex ones, and in these negotiations we are genuinely breaking new ground in the concept of a verification regime. Both sides are going about it carefully, but we are both into discussing things that have not been done before. It is complicated, and it hasn't been resolved.

I might say that we continue to believe that all sides will be better off if the remaining 100 long-range INF missiles are eliminated. We have come a long way down to get to 100, and at the same time we think that we should go the rest of the way for various reasons, not least for making the problem of verification a considerably easier problem to handle.

Q. Is one of those complications the United States wanting to put certain areas off limits for intelligence reasons? I am referring to the same story we have been after for a week now, whether there is a decision on that.

A. Yes, I know you have been after some story on that, and I can't help you with that quest. I can only say that the problem is a complicated problem, and we are going about it aggressively but carefully and so are they. We will have to see how we come out on it.

Q. Can you go through the mechanical process? Now that we do have a consensus here in the alliance, what happens next? How long will it take before this revised Western package will be put on the table at Geneva? How much will it change the draft which is already in process at Geneva?

A. As far as the draft in Geneva is concerned, we have a blank space which can now be filled in on short-range INF systems if the President decides that is what he wants to do.

The literal process involved here is that, having observed the consensus here, I let the President know about that—and that has been done—and the President now takes all this material

under advisement as soon as he is back in the United States and will decide what he wants to do insofar as my position in the Geneva negotiations is concerned.

I might say that the proposition put to me by General Secretary Gorbachev and then refined somewhat by Foreign Minister Shevardnadze has not appeared on the table in Geneva. So no doubt I will want to respond to the higher authorities who made the proposition, and we will proceed on that basis in Geneva, I am sure.

Q. Could I take you to the bottom of paragraph seven [of the final communiqué] and the problem which arouses very much interest by your German colleague? Is your understanding of the phrasing "in conjunction" and so on that this means that only after achieving conventional balance and the elimination of chemical weapons, the United States will have to think about a reduction on the missiles below the 500-kilometer range? Is that a link?

A. I think what we have here is the establishment of the fact that we all recognize that there may be a time when it is appropriate to talk about the shorter range systems. We also recognize that with the various negotiations going on now—completing INF, assuming we can; getting a differently conceived conventional arms negotiation going, although it will build to some extent on MBFR; following through further on the negotiations now going on in chemical weapons; from the U.S. side, of course, continuing our discussions on START—there is a lot going on.

So just as we need to digest the INF agreement and its implications and pursue these other things, we will do that. And we will have, as it says in paragraph eight, an overall assessment of our strategy. We see where the shorter range systems may fit in.

Now I think it is very clear throughout all of this document that, as far as the eye can see, nuclear deterrence is a key and fundamental element in the NATO strategy and the flexible-response aspect of that is also a key. So those things stay in place.

Q. You said that Pershing 1-As were never discussed in this round and the other, in summits, and so on. What if these missiles would be raised? Will your answer be to allow the Russians to keep some on their side or ask the Germans to forget about Pershing 1-As?

A. The negotiations that we are having in Geneva on INF with the

Soviets concern exclusively Soviet systems and U.S. systems—nothing else. The German Pershing 1-As are a cooperative system involving the United States and Germany, so they do not represent a U.S. system. Therefore, they are not part of what is being considered in Geneva and, as I said, haven't been throughout the long history of this negotiation.

Q. What is the significance, so far as the United States is concerned politically for the momentum of the arms control talks, of getting this kind of consensus agreement from the allies for an INF agreement? What does that do for you and how would you say the Soviets ought to read it, the message that this sends them?

A. All the way through these negotiations, we have been involved in a strong consultative process. After all, the whole thing got started as a result of the Soviet deployment of the SS-20s with the dual-track decision in response to that.

The United States has developed the appropriate missiles. We have negotiated in accordance with the dual-track decision; we had to deploy in accordance with the dual-track decision in conjunction with our allies. Now negotiations have pushed on, and we seem to be about to succeed in getting what we started after.

All the way through this, we have had a strong pattern of consultation. All the way through this, despite many doubts and questions that have been raised, the alliance has been cohesive and strong. As it came to each of the basing-rights countries to face up to their decision, one by one they did so. Sometimes there was a lot of betting that they wouldn't, but they did—every one. I might say that election results in each country subsequent to that decision seemed to suggest that those who stood up to this responsibility were appreciated by their population.

So I think anyone can look at this, including the Soviets, and see that what the NATO alliance is a very cohesive and strong alliance. It is perhaps the most successful alliance that the world has ever seen. It has been there for 40 years. It has kept the peace. It has had to face all kinds of different situations and be creative; that still remains. What the issues will be 5 years from now no doubt will be different from now. But the point is and what everyone must look at is that there is a cohesive alliance that consults, that takes each other's concerns into account and is able to come to a conclusion and has, thereby, through its

strength and cohesion, kept the peace and deterred aggression throughout all this period. It is a very considerable accomplishment and one in which I think all the people in these countries can feel very good.

Q. The last paragraph says that the meeting next year will be held in Spain. Also, early this morning you said that your meeting with the Spanish Minister Ordenez was very constructive, which is quite different from the results of the last meeting that you had. Do you think that this is a new departure and that Spain is now entering a new phase of its relationship with NATO? And did the minister make any new contribution or suggestion to the problem of the bases there?

A. Our discussion, as we both agreed, was a constructive one, and I think that we will somehow resolve the problems that we have been dealing with.

But what we see here in our relationship with Spain and Spain's activities is the emergence of a vibrant democracy which we all applaud and, through a remarkable process of a referendum in Spain, an affirmation by the Spanish people of their desire to be part of the NATO process through which we defend those very values that the emergence of democracy in Spain represents.

As we discuss—the United States and Spain—our particular relationship and its relationship to NATO, we do so as two strong, independent, democratic nations which have common objectives. We are finding our way to those, and that is the spirit in which we are discussing these issues. In any negotiation it has its tactical moments of ups and downs; but at any rate, as we move now, I think we are moving in a very good spirit. That is about what it means.

Q. You mentioned their election results. In relation to the future of NATO policy and East-West relations, do you have a response to the return of Mrs. Thatcher after the general election in Britain?

A. I have sent my warm congratulations to Mrs. Thatcher and also to my counterpart, Sir Geoffrey Howe. Of course, the things that they have stood for in terms of NATO activities are the things that we believe in.

Q. Since you did allude to the impact of NATO on the response of electorates, how do you feel about the British election? And, alternatively, had there been a Conservative defeat, what do you think would have been the impact for the alliance?

A. Of course, the people have spoken. My point earlier was that that has happened in country after country. With all of the commentary and protest and what not, it turns out that when the people speak in an election—not a protest, not a poll, an election, and as I understand it the voter turnout was very high in Great Britain in this election—when the people speak, they have seemed to support those who stand up for the sensible means of providing for the security of their country, of their values, in conjunction with friends, recognizing that there is aggression in the world and that if we want to keep the peace and maintain our values, we have to be willing to do those things that will deter aggression. And that has been done, it has worked, so we will continue to do it.

Of course, we will also continue, through negotiations with the Soviet Union, to see if we can find a level of deterrence that will work at lower levels of armaments. That is what we seek for all sorts of reasons. But we must maintain our deterrent capability.

Q. Were there any developments here at Reykjavik in the way of obtaining greater allied cooperation for U.S. activities in the Persian Gulf? And what is the logic of the United States, through its military forces, escorting Kuwaiti shipping when the United States cannot even sell a small quantity of weapons to Saudi Arabia for their defense of their own area?

A. There wasn't a lot of discussion of the Persian Gulf here; there was some, both bilaterally and generally. But by and large, I found the same thing as the President and I found in Venice; namely, that people have a common view of the importance of the problem, of the importance of maintaining freedom of navigation, of the importance of that particularly in the Persian Gulf, given the huge oil reserves there and their strategic relationship to our own energy, and support for the idea of establishing that presence.

Now we have been making headway, I think, with some of the push behind this, including what we got in Venice, in the United Nations. We keep working that diplomatic side of it, doing everything possible to bring the Iran-Iraq war to an end if we can.

In the meantime, we will do our part in assuring freedom of navigation in the gulf. We are escorting when it comes to that and—this hasn't actually happened yet—reflagging vessels so they will be American vessels operating with American environmental safeguards and rules and taxes and so forth.

You do learn some things, and one of the facts that I was vaguely aware of but learned with greater precision as I talked with colleagues in Venice is the degree to which others are active in the gulf. In the case of the British, as of Venice, Sir Geoffrey Howe told me that they had so far this year escorted 104 vessels in the gulf. So it isn't as though we are there alone. Others are there too; others have a similar perspective as we.

Insofar as the arms sales are concerned, of course this is a continuing point of tension in the United States. We think that the sales are fully justified. There are many Members of Congress who are concerned about them, and it is always a problem working that through. We will continue at it.

Q. How can you go to the Saudis, as you mentioned that you would and as Secretary of Defense Weinberger did last week, and ask them for more military cooperation, and then less than 1 week later jerk back a sale that has been in the works for some time? How do you expect to ask and elicit cooperation from the gulf states when they see such inconsistency on your side?

A. I think you have put what happened incorrectly. We didn't jerk back the sale, to use your phrase. Members of Congress made it plain that they were going to defeat that sale; and rather than have that happen, the judgment was made that we would be better off to regroup and go about this again in a way that we hope will be successful.

In the meantime, there have been sales of U.S. arms to Saudi Arabia, and on the whole that has been for a very constructive purpose. And it is illustrated daily in the gulf right now in connection with the current problems. After all, the AWACS [airborne warning and control system aircraft] are flying there. That is being done cooperatively. There is air cover for them and so on. So there is a collaborative pattern in action, and we seek to tone it up and in the meantime to have a sensible arms sales or arms relationship—military relationship—with the Saudis and other friends in the gulf. And as we all know, we struggle through that in our discussions with the Congress.

Q. To what extent do you think the consensus on INF you received today from NATO puts into high gear the move toward another Reagan-Gorbachev summit? And if you were a betting man, when do you think that would take place now?

A. Both the President and the General Secretary have said that they have considered the meetings between them to be constructive and worthwhile. So they would like to see them continue. They both want to have the next meeting be one associated with some significant content, and, of course, we want as always to prepare these meetings thoroughly.

What happened here and what will be reported to the President and the responses are one more element in the process of interaction with the Soviets in trying to reach an INF agreement. In that sense, it is a positive step forward. As I said earlier, we are still some distance from an INF agreement. There are difficult issues in front of us, but I think there is a reasonable probability that they can be resolved. In that sense it will contribute toward the atmosphere for a productive summit meeting. But there is no date set, and I don't want to try to forecast or give odds. I'll leave that to Jimmy the Greek. What is he quoting? [Laughter]

Q. I would like to try to clarify something I think I heard you say earlier. You said because the Soviet proposal on SRINF was not at the Geneva table—had not been proposed at Geneva but had been proposed in Moscow at your level and by General Secretary Gorbachev, that you would have to respond or that you would be responding. Does that mean that the United States will not respond via the negotiators in Geneva but will respond through some direct contact between you and your counterpart?

A. No, and I can't say precisely how the President will want to proceed. But certainly one way to proceed is to send his decision back to those who made the proposal. And, of course, whatever decision the President makes will be tabled in Geneva; that will be our position in Geneva.

Q. But would you have to go back to take that message?

A. No, I don't think so.

Q. On the subject of the formula which is mentioned in paragraph six on conventional arms negotiations, this seems to be a disarmingly simple formula, given the fact that you have spent nearly a year trying to work it out. Do you think you could elaborate on what can be termed as the twin-track procedure under the CSCE umbrella? How is it going to work in practice?

A. In practice I think it will work as described—that there is a CSCE umbrella; the CSCE will be handling, of course, human rights concerns which we consider to be of tremendous importance. There will be a CDE II [Conference on Confidence- and Security-Building Measures and Disarmament in Europe], so to speak, as we envisage it anyway—that is, a continuation of the kind of discussions among the 35 that were going on in Stockholm—and there will be another negotiation, as it says here, “with the conventional stability negotiations retaining autonomy as regards subject matter, participation and procedures.” So the 23 will have that negotiation. Precisely how it will go will obviously settle out, but that's the general structure as we envisage it. I think it's a good structure.

Q. No reference back from the 23 negotiations to the 35?

A. The 23 negotiations will not be paced, so to speak, by CSCE deadlines or anything of that kind; and when there is something important to report, no doubt it will get reported. It may be that from time-to-time other neutral and nonaligned will have something they want to say about the subject, but the negotiation is, as it says here, “retaining autonomy.” That will be a negotiation among those countries. That is something that we felt and others felt was very important.

¹Greece recalls its position on nuclear matters [text in original].

²In this connection, France recalled that it had not been a party to the double-track decision of 1979 and that it was not, therefore, bound by its consequences or implications [text in original].

³Press release 130 of June 16, 1987. ■

NATO Defense Planning Committee Meets in Brussels

The Defense Ministers of the North Atlantic Treaty Organization (NATO) met in Brussels May 26-27, 1987. The United States was represented by Secretary of Defense Caspar W. Weinberger. Following is the text of the final communique issued May 27.

1. The Defence Planning Committee of the North Atlantic Treaty Organization met in ministerial session in Brussels on 26th and 27th May 1987.

2. We confirmed that the peace and security of the Alliance depend on the maintenance of adequate military strength and the development of a more constructive relationship between East and West. Recent developments suggest the possibility for real progress in relations between East and West, particularly in the field of arms control. We welcome these developments and will make every effort to ensure that they result in improved security and stability; to do so they must address the disparities and asymmetries that underlie our existing relationship with the East. Our objective is enhanced security at lower levels of forces. As in the past, Alliance cohesion, solidarity and consultation will be indispensable to securing progress towards that objective.

3. In considering these developments, we recalled the realities of growing Soviet military power as well as the variety and offensive capabilities of the Warsaw Pact forces arrayed against the Alliance. Given this situation, NATO's strategy of flexible

response and forward defence, which is defensive in nature, remains both valid and necessary and continues as the basis for NATO's defence planning. We reaffirmed that there is, for the foreseeable future, no alternative to NATO's concept for the prevention of war, which must continue to be based on an appropriate mix of conventional and nuclear forces; both are essential to provide a credible deterrent against all forms of aggression.

4. We reaffirmed that the defence of Europe and North America is indivisible. The commitment of United States nuclear forces in Europe remains indispensable for the security of the whole Alliance. The continued presence of Canadian and United States forces at existing levels in Europe plays an irreplaceable role in the defence of North America as well as Europe. We also reaffirmed the importance of maintaining the commitment of nations to forward deployed forces and to strengthening them through the Conventional Defense Improvements (CDI) programme.

5. Such considerations were reflected in the development of the 1987 ministerial guidance, which we approved. Ministerial guidance is the major political directive for defence planning both by nations and the NATO military authorities; it sets the broad guidelines for the development of NATO's deterrence and defence requirements and, in particular, gives direction for the preparation of the next set of NATO force goals. We recognize that the allocation of sufficient resources to meet our requirements will continue to be a major challenge to all nations. In

this respect we reaffirmed the aim of a 3 percent real increase in defence expenditure as a general guide, and the need to obtain the best possible value from the resources made available.

6. The adoption in May 1985 of the Conventional Defense Improvements action plan was an important step in the direction of more effective conventional forces. CDI has allowed us to identify those key deficiencies and priority areas where we all agree a special effort will bring the greatest return for our collective defence. So far progress has been good, and a large number of significant force improvements have been achieved or are being initiated. Nevertheless, serious deficiencies still remain in important areas, as has been pointed out to us in the assessments of the major NATO commanders. Therefore, the momentum of CDI must be maintained and, where necessary, increased.

7. We took note of a number of positive developments designed to strengthen the defence planning machinery of the Alliance, particularly over the longer term. These include further refinement of the conceptual military framework and an increased emphasis on the development of concepts and long-term planning guidelines. All of this will facilitate a closer alignment between national and Alliance planning.

8. We welcomed the progress made by the NATO Air Defense Committee in its work on tactical ballistic missiles and extended air defence, noted the work in hand on assessing the threat and identifying possible countermeasures and agreed to an approach and a programme of further work.

9. The challenge of matching available resources with our requirements puts an even greater emphasis on the implementation of CDI. In coping with the many demands on our resources, we must examine and explore new approaches and new ideas, but this needs to be done on a collective basis. Likewise, while nations will make every effort to avoid reductions in the defence contributions, those changes and adjustments that prove to be necessary will be made within the Alliance planning framework and reflect the collective interests of the Alliance as a whole. Solidarity and the willingness to share equitably the risks and burdens as well as the benefits of defence has always been a fundamental principle of Alliance policy. It must remain so.

10. We stressed the need for more assistance to be provided to Greece, Portugal and Turkey to strengthen their conventional defences, in order that they may more effectively fulfill their proper roles in the collective defence of the Alliance. We also expressed particular interest in the continuing work of the independent European programme group on assistance to these countries which aims at permitting them to participate more fully as partners in armaments co-operation programmes with their NATO allies.

11. In the context of our CDI efforts, we strongly supported the improvement of armaments planning, which would enable nations to be better informed of NATO needs and NATO of the way these needs are likely to be

met by nations. As well as improving armaments planning, better equipment co-operation, standardization and sharing of technology between the European and North American and the developed and developing members of the Alliance are also important for ensuring the most effective use of resources, as is the continued protection of militarily relevant technology.

12. We noted with satisfaction the progress made in co-operative projects, including those launched as a result of United States legislation, and reaffirmed the need to give emphasis to the exploitation of emerging technologies in our defence equipment programmes. In the light of experience gained to date, the independent European programme group nations have put forward a number of "principles for collaboration" related to programme management which have been welcomed by their North American allies. We will continue to work to ensure the enhanced armaments co-operation among Alliance members that will help us to field the equipment NATO must have to maintain credible conventional forces.

13. Efforts to secure equitable and effectively verifiable reductions in military forces, both conventional and nuclear, were an integral element of our security policy in seeking to achieve a more stable and secure environment at lower levels of armaments. Continuing our consultations on INF [intermediate-range nuclear forces] arms control, we recalled the position we stated in Stavanger. We welcomed the improved prospects for nuclear arms control agreements

between the United States and the Soviet Union and look for progress in other areas of arms control, particularly since reductions in nuclear weapons will increase the importance of removing conventional disparities. We emphasized that it is our goal to achieve a comprehensive, verifiable ban on chemical weapons. We renewed our appeal to the Soviet Union to take a constructive attitude towards effective verification provisions.

14. In the field of conventional arms control, the aim of the Alliance is to strengthen stability and security in the whole of Europe, through increased openness and the establishment of a verifiable, comprehensive and stable balance of conventional forces at lower levels. We stressed the necessity of a step-by-step negotiation process which guarantees the undiminished security of all concerned at each stage. In this process, we must focus on the elimination of the serious imbalance of conventional forces and combat capability in favour of the Warsaw Pact, and their capability for surprise attack and for the initiation of large-scale offensive action.

15. In conclusion, we reaffirmed that our first task is the prevention of war and the preservation of our peace and freedom. This requires us to maintain adequate military capabilities; we are determined to do so. Our military strength will continue to provide the foundation for the development of peaceful relations through dialogue and communication across the full range of security issues of concern to East and West. ■

Visit of Austrian Chancellor

Chancellor Franz Vranitzky of the Republic of Austria visited Washington, D.C., May 20-23, 1987, to meet with President Reagan and other government officials. Following are remarks by President Reagan after his meeting with the Chancellor on May 21.¹

Austrian Chancellor Vranitzky and I have had a very good meeting. We talked over a set of international issues, including arms reductions and cooperation against terrorism. Chancellor Vranitzky explained to me the reaction of the Austrian Government and public to the U.S. Government's decision on Mr. Waldheim [Kurt Waldheim, President of Austria]. I explained to the Chancellor the statutory basis for the decision. I also assured the Chancellor that the United States and Austria will

remain close friends. We both share a strong commitment to human rights and democracy. I also told the Chancellor that Austria has every reason to be proud of its record since World War II. Its many achievements include assisting thousands of refugees fleeing political and religious persecution and providing a haven for emigrating Soviet Jews. Austria has also actively worked toward creating a more peaceful world. Austrian soldiers are helping UN peacekeeping efforts in Cyprus and in the Golan Heights. Both of us agreed at the conclusion of our meeting to work together to strengthen further the strong ties of friendship that exist between our two nations.

¹Text from Weekly Compilation of Presidential Documents of May 25, 1987. ■

Recent Developments in Europe

by Rozanne L. Ridgway

Statement before the Subcommittee on Europe and the Middle East of the House Foreign Affairs Committee on June 18, 1987. Ambassador Ridgway is Assistant Secretary for European and Canadian Affairs.¹

I am pleased to be here to discuss recent developments in Europe for the subcommittee. Although I have recently been up here several times on the foreign assistance request, we have not had this kind of a general review since January 28th.

Much of importance has happened since then. I would like to touch on where we are in the U.S.-Soviet relationship; on the spring North Atlantic Treaty Organization (NATO) ministerial in Reykjavik late last week; on the President's trip to Venice for the economic summit and then to West Berlin and Bonn; on some important developments in our security relationships with Greece and Turkey; and finally on the President's decision to request a waiver on most-favored-nation (MFN) status for Romania and relations with Poland.

U.S.-Soviet Relations

The Secretary's April 13-15 talks in Moscow were serious and forward looking, with both sides putting ideas into play.

In human rights, we welcomed the release of over 100 political prisoners, resolution of a number of humanitarian cases, and modest increases in emigration. The Soviets have lifted Voice of America jamming, although illegal Radio Free Europe/Radio Liberty jamming continues. More needs to be done to resolve other outstanding humanitarian cases, improve emigration figures, and address other problem areas such as religious activists. We are concerned that even in those areas where actions were being taken, the pace of progress appears to have slowed. We will keep pressing the Soviets to live up to their Helsinki Final Act commitments.

In addition to our own measures to improve the security of our mission in the U.S.S.R., we have emphasized to the Soviets the damaging effects of Soviet espionage activities against our Embassy in Moscow and the importance of improving the security—and working and living conditions—of American diplomatic personnel in the U.S.S.R.

Bilateral exchanges continue to expand, including the opening this month in Moscow of our first traveling exhibit in the U.S.S.R. in almost a decade.

We are working to establish dates in the 1987 cycle of senior experts' talks on key regional issues. These talks are important channels for detailed exchanges of views and clarification of positions on complex or rapidly changing situations, such as the gulf war, Middle East, or Afghanistan.

On arms control, the Secretary presented new ideas in Moscow on the strategic arms reduction talks (START) and defense and space. Both sides reaffirmed last October's Reykjavik formula for zero-zero longer range intermediate-range nuclear forces (LRINF) in Europe and 100 warheads each in the United States and Soviet Asia. We pressed hard for, and continue to press for, their total elimination. The Soviets responded to our demand for constraints and equality on shorter range INF (SRINF) by proposing the total elimination of this class of missiles on a global basis.

We told the Soviets we would have to consider the security implications of such an outcome in consultations with our allies. The Secretary briefed NATO about the proposal on his way back to Washington, and we have just completed intensive consultations on this subject. In Moscow the Soviets also accepted the principle of strict verification, although details remain to be worked out.

At Geneva the United States has tabled a draft START treaty reflecting last October's Reykjavik understandings and containing additional elements to move the process forward, and we have emphasized that the goal should include a START agreement this year. We have also pursued with the Soviets our new proposals on defense and space.

NATO Ministerial

The spring NATO ministerial June 11-12 in Reykjavik was a particularly productive session. The ministers specifically reaffirmed that NATO strategy will continue to rest on the linkage of free Europe's security to that of North America, noting that the U.S. nuclear commitment, the presence of U.S. nuclear forces in Europe, and the deployment of Canadian and U.S. forces there remain essential. The ministers recorded a very clear consensus on:

- Their continued preference for zero-zero U.S. and Soviet LRINF, including elimination of the 100 LRINF systems on each side which the Soviet Union wishes to retain;
- Global and effectively verifiable elimination of all U.S. and Soviet land-based SRINF missiles with a range between 500 and 1,000 kilometers as an integral part of an INF agreement;
- A 50% reduction in the strategic offensive nuclear weapons of the United States and the Soviet Union;
- The global elimination of chemical weapons;
- The establishment of a stable and secure level of conventional forces by the elimination of disparities in the whole of Europe; and
- In conjunction with the establishment of a conventional balance and the global elimination of chemical weapons, tangible and verifiable reductions of American and Soviet land-based nuclear missile systems of shorter range, leading to equal ceilings.

In connection with efforts to achieve a conventional balance, the ministers agreed on a procedure wherein negotiating efforts will take place within the framework of the Conference on Security and Cooperation in Europe (CSCE) process. We and our NATO allies envision two parallel negotiations—one involving all 35 CSCE participants building upon and expanding the confidence- and security-building measures contained in the Helsinki Final Act and the Stockholm document, and a second, the conventional stability negotiations among 23 members of NATO and the Warsaw Pact and retaining autonomy as regards subject matter, participation, and procedures.

The ministers reaffirmed a strategy of deterrence based on military strength, including an appropriate mix of adequate and effective nuclear and conventional forces and a coherent and comprehensive concept of arms control.

Secretary Shultz emphasized at the close of the Reykjavik NATO ministerial that: "There is a cohesive alliance that consults, that takes each other's concerns into account and is able to come to a conclusion and has thereby, through its strength and cohesion, kept the peace and deterred aggression. . . ." over its 40-year history. Specifically through NATO's dual-track policy of negotiation and deployment, the alliance has been cohesive and strong throughout a period in which the Soviets altered the European balance through SS-20 deployment. And electoral results in the NATO INF basing countries subsequent to their

governments' decisions to deploy seem to suggest that those who stood up to this responsibility were appreciated by their populations.

Venice Economic Summit

The President returned last week from 10 days in Europe, with the Venice summit the centerpiece of the trip. The summit took place in an atmosphere of continued global economic expansion and intensified economic cooperation among the large industrial democracies. Serious challenges, nevertheless, faced the summit leaders at Venice, in both political and economic spheres.

The summit confirmed participants' commitments to coordinate macroeconomic policies which encourage continued growth, to reform agricultural policies, to work on correcting exchange imbalances, and to pursue the Uruguay General Agreement on Tariffs and Trade (GATT) round expeditiously. The summit reconfirmed a common debt strategy and paid special attention to the situation of the poorest of the less developed countries. The summit leaders agreed on the need for effective structural policies, important to promote job creation.

Through summit discussions and bilateral talks, the President addressed key political subjects as well, including East-West relations and arms control, terrorism, and the situation in the Persian Gulf. The discussions were frank and broad-ranging, and there was, in fact, fundamental agreement on virtually all key points. The purpose of summit discussions—to exchange views and build common understandings as part of a process of consultations—was clearly met.

The summit discussions on East-West relations were extensive and centered on the significance of Gorbachev's policies for the West and for arms control. Some steps forward by the Soviet Union were noted, as in human rights and a move toward Western proposals—such as INF. The summit statement reflects a consensus among our Western partners that the Western approach to East-West relations is sound—strength to protect our freedoms, realism about East-West differences, and negotiations where there are opportunities to advance our interests.

Summit discussions on terrorism gave renewed push to expanded cooperation. The extended Bonn declaration was adopted, and the basic principle of no concessions to terrorists was agreed on. All summit states committed themselves

to support of the rule of law in bringing terrorists to justice. The Franco-German initiative to convene ministers responsible for counterterrorism was endorsed. Venice highlighted the successes of counterterrorist cooperation since Tokyo and gave a framework for the future.

The strong statement by the heads of state and government on the Iran-Iraq war and the situation in the Persian Gulf reflects a meeting of the minds on basic points: a push for effective UN Security Council action to end the war and a pledge to uphold the principle of freedom of navigation in the Persian Gulf.

The President's meeting at the Vatican with the Pope before the economic summit touched on a broad range of issues, including arms control and East-West matters and the situation in Poland. The President met as well privately with President Cossiga of Italy.

The President in Berlin and Bonn

In Berlin the President met with West German President Von Weizsaecker and Berlin governing Mayor Diepgen. He also met with Chancellor Kohl in Bonn. The President's speech at the Brandenburg Gate and his meetings in Berlin and Bonn underscored U.S. commitment to the defense of Europe and to the commonality of interests—interests in peace, freedom, and prosperity—among the peoples of the United States and Germany. Berlin's 750th anniversary was an appropriate historical setting for calling to mind the vitality of Western social systems which Berlin so vividly represents.

The President's trip took place at the time of the 40th anniversary of the Marshall Plan. The Marshall Plan stands as a symbol of our commitment to the ideals of political, economic, and individual freedoms which we share with the other nations represented at the Venice summit. The cooperation among the countries represented at the summit, in fact, has been a driving force in providing the freedom, prosperity, and security enjoyed by the West since World War II.

Greece, Turkey, and Cyprus

There have been important developments in our relations with both Greece and Turkey.

With Greece we remain committed to the step-by-step process of improving relations. We believe that our relationship with Greece, including our access to

defense facilities there, is in the common interest of both nations. And when the Secretary was in Athens last year, he and Prime Minister Papandreu agreed that the issue of the future of our military facilities in Greece should be settled well before December 1988.

Although the Secretary proposed last December that base talks begin, substantive negotiations have not yet taken place. Prime Minister Papandreu's call for a referendum after base negotiations adds further uncertainty about the bases' future. At their June 12 meeting during the NATO ministerial in Reykjavik, Secretary Shultz informed Foreign Minister Papoulas that the United States believes it is appropriate to begin negotiations now to resolve the future of our facilities in Greece.

On other issues, our negotiations reached an *ad referendum* agreement on our Voice of America facilities in Greece which is pending approval by the Greek Government, and the third annual bilateral talks on trade and investments were held in Washington last month.

As regards Turkey, we have often described the importance which we give to our relationship and to the continued development of Turkey's democratic, Western orientation. We believe that both of these interests can best be advanced by the maintenance of strong bilateral ties, whose underpinning is mutual confidence and trust.

I must note that reductions in security assistance and its linkage to developments on Cyprus, as well as congressional consideration of a resolution dealing with the history of the Armenian population of the Ottoman Empire, have produced strong public reactions in Turkey. In response to these developments, the Turkish Government has postponed ratification of the defense and economic cooperation agreement that we signed with it last March. We were disappointed that President Evren was unable to visit Washington this May, as planned.

Congress repeatedly has recognized the importance of the U.S.-Turkish relationship to both countries. Thus we hope that with the assistance of Congress, we can, in the months ahead, develop that relationship constructively and, in so doing, promote our common goals—a strong southern flank for NATO and progress toward a lasting settlement on Cyprus.

On Cyprus the negotiating process, unfortunately, has slowed down. The two Cypriot sides disagree on how to move forward. The Greek Cypriot side has focused on the convening of an international conference, while the Turkish

Cypriot side has adhered to the Secretary General's March 1986 draft framework agreement. We have actively sought to use our influence, as in the past, in support of the UN Secretary General's good offices mission. He has made clear that he would not allow his mission to be stalled. We agree and are continuing to urge the two Cypriot sides to work with the Secretary General to develop a mutually acceptable process leading toward a negotiated Cyprus settlement.

Romania

On June 2, the President decided to renew Romania's most-favored-nation (MFN) tariff status for another year. The decision was exceptionally difficult. The President carefully weighed the strong criticisms that have been made of Romania's human rights record. The Administration shares the concerns expressed in the Congress and by private citizens about violations of basic human rights in Romania, despite the Romanian Government's freely undertaken commitments under the Helsinki Final Act and other international instruments.

After weighing all the factors and options, the President decided that we should continue the MFN relationship with Romania as long as it enables us to help substantial numbers of people. Over the years since Romania has had MFN, 170,000 people have emigrated, including 30,000 to this country. MFN has also enabled us to have some impact on Romania's other human rights practices and to help strengthen the conditions for religious observances there. I believe that were MFN suspended or allowed to expire, these benefits, which are more modest than we would like but, nonetheless, important in human terms, would be lost.

For the Administration, therefore, humanitarian considerations were most compelling, indeed decisive, in putting forward the request to renew Romania's MFN status. We have taken the position that it is better to direct our efforts to improving conditions that arouse our concern than to abandon the principal means of influence we now have and walk away.

Poland

In the last 6 months, we made progress in expanding U.S.-Polish dialogue through a step-by-step approach. We have engaged the Polish Government on a wide range of issues, including arms

control; human rights; scientific, commercial, and cultural relations; and increased our political dialogue as they have responded on specific concerns.

We have also witnessed a series of high-level official exchanges. Chairman Fancell and Senators Kennedy, Nunn, Specter, and Warner visited Poland. Ways and Means Chairman Rostenkowski hosted a *Sejm* delegation in Washington and Chicago June 1-5 and is visiting Poland this week as the President's personal representative to the Poznan Trade Fair. After two rounds of talks, we have initiated a science and

technology agreement. After trade talks in April, we have agreed to a U.S.-Polish Joint Trade Commission session here in the fall.

We hope to effect an exchange of Ambassadors. The Poles have told us they are prepared to move ahead here, and we have reassured them we will reciprocate.

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. ■

40th Anniversary of the Marshall Plan

Addresses by Secretary Shultz on May 26, 1987, in celebration of the 40th anniversary of the Marshall Plan and President Reagan on June 1 during a signing ceremony declaring George C. Marshall Month.

SECRETARY SHULTZ, MAY 26, 1987¹

I appreciate your presence here, and I appreciate the occasion because it marks something important that has happened, and it gives me an opportunity to reflect on that in terms of problems that, at least as I see it, we face today. So we're here this evening to mark the 40th anniversary of one of this nation's most splendid accomplishments, the Marshall Plan, and to honor its creator, George C. Marshall. It's humbling to reflect that this plan was only a part of Marshall's distinguished record in the office I'm now privileged to hold and that his term as Secretary was only part of the services he rendered this nation and the world.

The Marshall Plan has a special meaning for many of you who were present at the creation. For all of us, the Marshall Plan is one of the turning points of history. The term has passed into our language, shorthand for an international program of short-term sacrifice for long-term benefit.

The United States and Europe have come to enjoy unprecedented levels of prosperity since the days of the Marshall Plan, in no small measure because of the plan. The per capita GNP [gross national product] of the European recipients

increased overall by one-third during the years of the plan. Their GNP continued to expand after the plan ended, increasing by about 160% by 1986, a yearly average of 4.6%—oh, for a 4.6% growth these days.

The United States started from a stronger base but still nearly doubled per capita GNP from 1947 to 1986. The Marshall Plan is only one of the factors in both of these performances, but it is certainly one of the most substantial.

Our contemporary well-being, in fact, may make it difficult for us to recall the bleakness of postwar European prospects. Memories fade. Most of today's adults have few, if any, personal recollections of those days. It is essential that we do not forget: Europe came close to economic collapse, which may well have been followed by political chaos. There had been mass destruction—on a scale never before seen—of people, infrastructure, and institutions.

A brief postwar recovery was followed by runaway inflation, black markets, and corruption, undermining public confidence in economic and social institutions. Venerable political institutions showed cracks. The unthinkable, the end of the British Empire, suddenly became imaginable, and imagination became reality. Nature herself dealt Europe a fierce blow in the dreadful winter of 1946-47. A heavy air of malaise hung over the continent. There was clearly much worse to come if help did not arrive.

The momentous events of early 1947 set the stage for that help:

First, the decision by the United Kingdom that it could no longer continue its aid to Greece, then fighting a

communist-backed insurgency, and to Turkey; and

Second, the U.S. response of stepping in to replace the British, deliberately taking up a new role in the world. Underlying this initiative was the Truman Doctrine that the United States would support "free peoples who are resisting attempted subjugation by armed minorities or by outside pressures."

Only in hindsight does this new role seem inevitable. The country's mood was inward looking, somewhat isolationist. Demobilization was underway. Truman and Marshall effectively had to bring the American people into world affairs against their natural inclinations. It is one measure of the greatness of these men that they succeeded so well.

Once the Truman Doctrine had been accepted, the new U.S. role expanded quickly. Under Secretary Acheson had already created a committee to examine the problems of European recovery. And he had at hand someone who, today, I am privileged to have working very closely with me, Paul Nitze [special adviser to the President and the Secretary of State on arms control matters], who is around here somewhere.

Its conclusions, Dean Acheson's study, buttressed Secretary Marshall's own reflections. Only 2 months were needed to reach the decision Marshall announced at Harvard on June 5: the United States would do whatever it could to "help start the European world on its way to recovery."

American prosperity in the early postwar years made us the obvious, indeed the only, candidate to undertake assistance to Europe on the scale required. This is not to say that the Marshall Plan was easy for the United States. The idea did not meet instant approval. It was clear there was sacrifice involved and far from clear that sacrifices would produce success. Nonetheless, Marshall and his colleagues knew we must make the effort.

The foreign policy community acted swiftly and decisively. Congressional leaders, headed by Senator Vandenberg, committed themselves to Marshall's idea and helped mobilize public opinion. The private sector lent powerful support. Less than a year after Marshall's speech, the plan was in effect.

This took parallel speed and decisiveness in Europe. From the outset, Marshall had insisted on an integrated European program. After the emerging

Eastern bloc—under Soviet pressure—declined, 16 countries were left to put together such a plan. Their work was arduous but well rewarded. Once united, Europe was able to use American aid to get on the road to recovery. And cooperation led to other initiatives for European renewal.

European statesmen such as Schuman and Monnet had long dreamed of a united Europe—Churchill's "United States of Europe"—and they went to work with gusto. They built on the success of the organization created by the Marshall Plan itself, the Organization for European Economic Cooperation (OEEC).

In less than a decade, there was an impressive array of other organizations for cooperation: the Council of Europe, the European Coal and Steel Community, the Atomic Energy Community, and the European Economic Community. The institution-building reached beyond Europe with the formation of NATO in April 1949. And the Marshall Plan or OEEC countries joined with the United States and Canada in 1960 to create the OECD [Organization for Economic Cooperation and Development], today the major institution for economic coordination among the industrialized democracies. I might say the OECD had a meeting—a very important meeting—just a couple of weeks ago, focusing people's attention on a problem of very serious moment today, namely, the agriculture problem.

The benefits of Marshall's vision have been mutual: what strengthened Europe strengthened us. Our investment of some \$13.3 billion over 4 years was returned many times over in increased exports. And from the Marshall Plan came the infrastructure that has been for 40 years the bedrock of European and Atlantic political, economic, and security affairs. There is no finer example of enlightened diplomacy.

This success notwithstanding, it is still true, and necessary to say, that the world situation remains serious. The context has changed. The challenges are different, but they are equally grave. We have a new, perhaps dangerously exciting, political era. We face a Soviet bloc under new leadership, whose motives and dynamics are only partially understood.

We are also beset by an enduring and powerful adversary—protectionism. There are disturbing levels of national debt across the globe. World agricultural production is seriously out of kilter. The great colonial systems of Europe have largely been disbanded, making world

affairs infinitely more complex. The collapse of the bright expectations fostered by independence is yet another threat to world stability.

The Marshall Plan is still relevant in the solution of these problems. Among its many lessons, I believe, are the demonstrated linkage of economic prosperity and political stability and, in particular, the linkage of European and U.S. well-being. We must join together as partners to advance our common interests or we shall diminish our mutual fortune.

This means, among other things, working together to open markets, not close them. It means taking joint action, in the Uruguay Round, to dismantle the subsidies and trade barriers that are distorting agricultural markets. Without a firm commitment to these actions, we are in for very bad times.

Similarly, in our relations with the Third World, economic solidarity in the West is the key to success—not in the sense of offering a united front, an implacable North confronting a South beset by debt burdens and intractable problems of development; rather, in the sense of a partnership marked by global vision and, if I may be so old fashioned, a sense of altruism in pursuing the common good. If we all decide to let the other fellow do it and simply reap the gains, we will soon discover that collectively there is no other fellow. The whole debt and development conundrum is a collective problem that requires a collective response. We are capable of such a response if we return to the spirit of the Marshall Plan and make a commitment to work together.

It is natural that we seek to advance our individual interests. But we must remember that we have mutual interest and obligations. The United States, for example, would do well to reflect on the history of the Marshall Plan. In those days, we committed a tenth of our Federal budget to international affairs. That figure has steadily declined, falling now below 1.5%. That's counting everything—security assistance, economic assistance, Voice of America, contributions to international organizations of all kinds, operating the State Department, operating the Voice of America, Export Import Bank—all in 1.5% of the Federal budget.

This is shocking and simply unacceptable. No country can expect to continue as a major actor in world affairs at this

level of financial commitment. We must do better. The challenge to our leadership today is to mobilize political support for the resources necessary to carry out an effective foreign policy. Secretary Marshall called for a willingness on the part of our people to face up to the vast responsibilities which history has clearly placed upon our country, and the American public responded.

Marshall did not call only for the best in the United States. He also challenged Europe. So, too, today's challenges are not just for the United States but for the alliance as a whole. We have the opportunity to reshape the structure of our mutual defense. The United States has consulted fully, and will continue to do so, with our allies. We do not intend to act in isolation. We expect, in turn, that our allies will also work with us in shaping a response to the new proposals and to the different security policies that they portend.

Another challenge lies in the need for the allies to note and act on the reality that the United States can no longer carry the largest share of the burden. We have devoted a much larger proportion of our national budget to defense than have our allies. At one time we could do this without much strain. But today the U.S. economy no longer dominates the Western world, as it did 40 or even 20 years ago. The Marshall Plan helped to create economic equality between the two halves of the Atlantic alliance. We must share responsibilities equally.

I have spoken of the alliance. By this I mean, of course, NATO. But there is a larger alliance, a partnership which goes far beyond any one organization. The OECD is perhaps the most representative of the interests I have in mind, the protection and expansion of political democracy and market economies.

We must recast this worldwide partnership to make it adequate to the demands of a new century. Such rebuilding calls for creative leadership. We cannot do better than remember the vision that sustained Secretary Marshall and his counterparts in Europe. If we work in that spirit, we will not fail.

PRESIDENT REAGAN, JUNE 1, 1987

It's a pleasant coincidence that George S. Marshall Month, which we will proclaim today, coincides with the upcoming economic summit. I'm certain that General Marshall would approve of my

taking advantage of this opportunity to speak with you also about some of our expectations, our goals, for that important gathering.

First and foremost, today we gather to honor George C. Marshall, a gallant soldier, a visionary statesman, and an American who set a standard of honor and accomplishment for all who have followed.

George Marshall is the only professional soldier ever to win the Nobel Prize for Peace. It was a fitting tribute. Even in time of war, Marshall was a champion of peace. During his tenure as Chief of Staff of the U.S. Army, a war—the greatest conflagration in human history—was won. And that victory was not a triumph of conquerors in a struggle for power and domination but a desperate fight of free peoples for the preservation of the humane values and democratic institutions they held dear.

What made the Second World War different from all those that had preceded it was that Western civilization, by its outcome, was left in the hands of leaders like George Marshall—individuals dedicated to ideals which were not forgotten after the enemy was vanquished.

It's difficult in this time of plenty to imagine the destitution, devastation, and hopelessness that pervaded Europe after the close of the Second World War. The conflict had taken the lives of millions of Europeans, many of them the young leaders who are the greatest asset of any society.

Resources used to fuel the war machines were gone. Great destruction had been brought upon the face of Europe. Germany lay in almost total ruin. Throughout the rest of the continent, cities and factories were in disrepair; the whole economic infrastructure had been devastated. The monumental job of rebuilding seemed overwhelming.

It was at this time of despair when, under the leadership of wise and decent individuals like George C. Marshall, by then Secretary of State, our country stepped forward with a program Winston Churchill referred to as the "most unselfish act in history."

Forty years ago June 5th, Secretary of State George Marshall gave the commencement address at Harvard University. In it, he laid out a proposal for the reconstruction of Europe, the foundation for what has been the most remarkable period of peace and prosperity in the history of that continent.

In today's money, the Marshall Plan was a commitment of extraordinary proportions, about \$60 billion. And with that, industry, large and small, was provided capital; harbors, canals, roads, electric systems were rebuilt; and the production lines began to roll as Europe went back to work.

The Marshall Plan was an investment America made in its friends and in the future. If it had simply been a gift of resources, it would likely have been a colossal failure. The success of this greatest of undertakings, the rebuilding of a battle-scarred continent, can be traced to goals that are easily distinguished from the mere transfer of money.

First, it was designed to generate hope where there was none. George Marshall, as a soldier, well understood the role of motivation. "It is the spirit which we bring to the fight that decides the issue," he once wrote. "It is morale that wins the victory."

George Marshall's speech was viewed by many Europeans as a lifeline thrown to them at a time when they were foundering. It gave them reason to work, to build, to invest. And in short order, purpose replaced aimlessness. Enterprise replaced inertia.

The second and most important goal of the Marshall Plan was to provide incentives for Europeans to find common ground, to bring down the political barriers which stifle economic activity and growth. Our leadership helped officials overcome local interest groups and work with other governments to beat back the pressures for protectionism and isolation; to free the flow of commerce, materials, and resources across international frontiers; to integrate transport and power systems; and to develop economic and political ties that would serve as an engine for progress.

The Marshall Plan led to the creation of institutions that today are pillars of the free world's economy—the European Economic Community, the General Agreement on Tariffs and Trade, the OECD [Organization for Economic Cooperation and Development]—and created the environment where the World Bank and the IMF [International Monetary Fund] could function. The Marshall Plan was an act of generosity, but it was not a give-away program. Instead, it was the beginning of a process of cooperation and enterprise that has carried the peoples of the Western democracies to new heights.

But there was one most important achievement, too much overlooked. A reading of history reveals that in past

wars, the peace settlement laid the foundation for the next war. Hatreds and enmity remained. And today, we have known 40 or more years of peace, and one-time enemies are the closest of friends and allies as a result of the Marshall Plan.

With us today is an individual who, at President Truman's direction, took a central role in polling the leadership, gathering the ideas, and putting together a comprehensive overview of foreign policy strategy. This effort was the genesis of the Marshall Plan. His dedication, creativity, and resourcefulness were of great service to his president and his country at that pivotal moment. And, Clark Clifford, we are proud to have you with us today.

Trade and Economic Concerns

Now, in a few days, I will leave for the economic summit in Venice. It will be the 13th time the seven major industrial democracies have so met, and the seventh time I've been privileged to represent the United States. While our country is still looked to for leadership, the free world is now undeniably a partnership among democracies, to a large degree because of initiatives we set in motion four decades ago.

Today free world efforts—economic, political, and security—depend on genuine cooperation. Self-determination, as we've recognized since the time of Woodrow Wilson, is consistent with the interaction of free peoples. We sought it, and, brother, we've got it.

The governments of Western Europe, North America, and Japan face the future together, and meetings like the economic summit build unity and sense of purpose. And that unity is increasingly important. The velocity of economic change reshaping our world is making greater demands on our governments, individually and collectively. This change flows naturally from the open economic system we've established in the West. Our peoples and countries are now operating in a global market. Instantaneous communications, multinational corporations, the flow of international investment, widespread computer technology, and the integration of financial markets are facts of life.

The progress of mankind, however, remains dependent on political as well as economic and technological momentum. Today we face challenges comparable to

those that confronted struggling democracies four decades ago. We sought to achieve prosperity; now we seek to preserve it and ensure that our standard of living continues to improve. Nothing can be taken for granted.

We must be active and vigorous to be successful. And we must work together. And that is what freedom is all about. And that's why we call the portion of the planet on which we live the free world. People here are not told what we must do. We talk things over and decide what to do for ourselves.

There's a story about an American and a Russian. As is often the case, the American was bragging about how in the United States everyone was free to speak. Well, the Russian replied, "In Russia we're just as free to speak; the difference is in your country you're free after you speak."

The greatest challenge for those of us who live in freedom is to recognize the ties of common interest that bind us, to prove wrong those cynics who would suggest that free enterprise and democracy lead to short-sighted policies and undisciplined self-interest.

Today—and we can't say this too often—it is in the common interest of all of us, in every free land, to work against parochialism and protectionism, to keep markets open and commerce flowing. By definition, protecting domestic producers from competition erodes national competitiveness, slows down economic activity, and raises prices. It also threatens the stability of the entire free world trading system.

Some countries, which have taken full advantage of America's past openness, must realize that times have changed. Today any country selling heavily in the United States, whose markets are not substantially open to American goods, risks a backlash from the American people. No country that closes its own markets, or unfairly subsidizes its exports, can expect the markets of its trading partners to remain open. This point will be driven home in Venice. It was the central theme of our agreement at last year's Tokyo summit to launch the Uruguay trade round.

While the vibrancy of the U.S. economy has contributed enormously to the world expansion, preserving a growing world economy is the business of every member of the world trading community. It is the special responsibility of the larger economic powers. It will be made clear, especially to our friends in Japan and the Federal Republic of Germany,

that growth-oriented domestic policies are needed to bolster the world trading system upon which they depend.

We and our allies must always fulfill our agreements concerning exchange rate stability. Economic policy decisions made last year in Tokyo, and at this year's meetings of the Group of Seven finance ministers in Paris and in Washington, cannot be ignored or forgotten. The commitments made at these meetings need to be translated into action.

Talks continue to flow about the necessity of a coordinated attack on market-distorting agricultural policies—policies which are found in almost every Western country. The time to act is fast approaching.

One concern shared by the industrialized powers is what to do about the Third World countries which are not developing, not progressing—countries that, if something doesn't happen, will be left behind.

Japan has made admirable strides in this direction by offering to share some of its wealth—some of its trade surplus—with lesser developed nations. I hope that during the course of this summit, Japan will clarify what form this aid will take. I also hope that other countries will consider following Japan's good example.

However, as I noted about the European example of four decades ago, the transfer of cash alone is not the solution. If tax rates are too high, if markets are not free, if government is big, corrupt, or abusive, a country cannot expect to attract the expertise and private investment needed to advance, nor will its own people have the incentives needed to push their economy forward.

After the war, German industry was little more than a shell. If Ludwig Erhard and Konrad Adenauer, courageous democratic postwar leaders of that country, had not dramatically, in one fell swoop, eliminated most of the intrusive controls on the West German economy in 1948, Marshall Plan aid might not have had the miraculous impact that it did. If we're serious about changing the plight of less fortunate nations, we must, at the very least, be candid with them about these economic realities—open their eyes to the secret Germany's restoration and the secret of the amazing growth taking place on the Pacific rim. That secret is a Marshall Plan of ideas. It is simply that freedom of enterprise, competition, and the profit motive work. They work so well that the United States now must maneuver with economically powerful competitors, friendly competitors.

And, yes, let us admit the recognizable friction among the great democracies about trade and economic policy. Our heated debates and maneuverings—and the fact they're front-page news—are a healthy sign. First, during economic movement, close friends disagree, but no one should lose sight of the impressive strides taking place. Second, the attention paid to complex economic issues, which decades ago were subject matter only for specialists, suggests the wide degree of consensus our nations have reached on the vital issues of war and peace, human rights, and democracy.

Security Issues

Today the unity of the West on security issues is something which George Marshall and his contemporaries would look on with a deep and abiding pride. Marshall led America through war and out of isolationism. Like protectionism, isolationism is a tempting illusion. Four decades of European peace and the greatest economic expansion in history stand as evidence that isolationism and protectionism are not the way. We must work with like-minded friends to direct the course of history, or history will be determined by others who do not share our values, and we will not escape the consequences of the decisions they make.

Nowhere is this burden heavier than in the Middle East, a region that has been plagued with turmoil and death. If we retreat from the challenge, if we sail to a distance and wait passively on the sidelines, forces hostile to the free world will eventually have their way.

Two weeks ago, we lost 37 of our sons in the Persian Gulf. They were the pride and joy of their families, fine young men who volunteered to wear the uniform and serve their country. We have none better than these. They died while guarding a chokepoint of freedom, deterring aggression, and reaffirming America's willingness to protect its vital interests.

Yet, the American people are aware that it is not our interests alone that are being protected. The dependence of our allies on the flow of oil from that area is no secret. During the upcoming summit in Venice, we will be discussing the common security interests shared by the Western democracies in the Persian Gulf. The future belongs to the brave. Free men should not cower before such challenges, and they should not expect to stand alone.

And we are working together in a number of critical areas. Our friends and allies have been cooperating ever more closely to combat the scourge of terrorism. Democracies are peculiarly vulnerable to this form of international criminality, and, at the upcoming Venice summit, we will give renewed impetus to the momentum which has developed in the past year.

The Western alliance, with courage and unity of purpose, has time and again thwarted threats to our prosperity and security. During the last decade, as American military spending declined, the Soviets raced ahead to gain a strategic advantage, deploying a new generation of intermediate-range missiles aimed at our European allies. This hostile maneuver—part of a long-term strategy to separate Europe from the United States—was countered by a united alliance, Pershing and cruise missiles were deployed in Western Europe, even amidst the noise and clamor of sometimes violent opposition and an intensely hostile Soviet propaganda campaign.

Let no one forget, 6 years ago we offered to refrain from deploying our intermediate-range missiles, if the Soviets would agree to dismantle their own. It was called the "zero option." The other side refused. At that time, a vocal minority in Western countries, including the United States, suggested if we moved forward with deployment of our Pershing and cruise missiles, all hope of arms control agreements would be lost.

The pessimists, however, have been proven wrong, and Western resolve is paying off. In recent months, we've witnessed considerable progress in our talks with the Soviet Government. The Kremlin now, in principle, accepts the "zero option" formula in Europe, and our negotiators are busy seeing if the details can be worked out. In short, we may be on the edge of a historic reduction of the number of nuclear weapons threatening mankind. If this great first step is taken, if nuclear arms reduction is achieved, it will be due to the strength and determination of allied leaders across Western Europe who refused to accept the Soviet nuclear domination of Europe.

European leaders, and indeed most Europeans, have come to understand that peace comes only through strength. Strength and realism are the watchwords for real progress in dealing with our Soviet adversaries. As we view changes which seem to be happening in the Soviet Union with cautious optimism, let it be remembered that,

four decades ago, the Kremlin rejected Soviet participation in the Marshall Plan.

If the current Soviet leadership seeks another path, if they reject the closed, isolated, and belligerent policies they inherited, if they wish their country to be a part of the free world economy, we welcome the change. Let there be no mistake: the Soviet Government is subject to the same rules as any other. Any government which is part of our deals with the West's major economic institutions must do so with good faith, open books, and the open government on which both depend. Economic transactions are not maneuvers for political gain or international leverage; such destructive tactics are not tolerated. Countries which are part of the system are expected to do their best to strengthen the process and institutions or be condemned to economic isolation.

The Soviet Union must also understand that the price of entry into the community of prosperous and productive nations is not just an economic price. There is a political price of even greater significance: respect for and support for the values of freedom that are, in the end, the true engines of material prosperity.

Time will tell if the signs emanating from the Soviet Union reflect real changes or illusion. The decisions made by the Soviet leaders themselves will determine if relations will bloom or wither. Any agreement to reduce nuclear weapons, for example, must be followed by reductions in conventional forces. We are looking closely for signs that tangible changes have been made in that country's respect for human rights, and that does not mean just letting out a few of the better known dissidents. We are waiting for signs of an end to their aggression in Afghanistan.

America's Commitment to Freedom

This year is also the 40th anniversary of the Truman Doctrine, which fully recognized the need for economic assistance but underscored the necessity of providing those under attack the weapons needed to defend themselves. On March 12, 1947, President Truman addressed a joint session of Congress and spelled out America's commitment: "[I]t must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures. I believe that we must assist free peoples to work out their own destinies in their own way." So said Harry Truman.

Nineteen forty-seven was a volatile political year for our country. I was a Democrat back then. President Truman was under attack from both sides of his own party, and the opposition controlled both houses of Congress—and believe me, I know how frustrating that can be.

Even amidst the deep political divisions so evident in 1947, the Marshall Plan and Truman Doctrine were approved by Congress. In the end, it was our ability to overcome our own domestic political discord and forge a bipartisan approach that made the difference. Greece and Turkey were saved. Western Europe was put on the path to recovery. Human freedom was given a chance. Democracy has its weaknesses, but its strengths will prevail.

I leave for Europe with confidence. This generation of free men and women, too, will work together and succeed. We will pass on to our children a world as filled with hope and opportunity as the one we were handed. We owe this to those who went before us, to George C. Marshall and others who shaped the world we live in.

With this said, I will sign the order proclaiming George C. Marshall Month.

¹Press release 117 of May 27, 1987.

²Text from Weekly Compilation of Presidential Documents of Jun. 8, 1987. ■

40th Anniversary of the Truman Doctrine

PRESIDENT'S STATEMENT, MAY 22, 1987¹

Forty years ago today, President Truman signed Public Law 75 of the 80th Congress, which provided \$400 million in U.S. military assistance to Greece and Turkey. This was the first postwar commitment of the United States to provide the resources and support necessary for free countries of the world to meet the threat of communist expansionism and brought into being the Truman Doctrine.

The Truman Doctrine was rooted in a fundamental assumption as true now as in 1947: a healthy democracy in the United States requires strong democratic partners in the world. Its purpose was to help the peoples of Greece and Turkey in their efforts to secure their

freedom. It succeeded through the mutual efforts of the American, Greek, and Turkish people, who through their courage and perseverance met head-on and defeated the immediate postwar threat. Today Greece, Turkey, and the United States are linked together as members of the North Atlantic Treaty Organization, freedom's strongest shield.

Today we celebrate the wisdom and courage of President Truman and those who worked so hard to make this a cornerstone of American foreign policy. We also salute our Greek and Turkish allies. Our ties are built on a proud tradition of mutual respect and support, one that we are dedicated to preserving and nurturing in the years to come.

¹Text from Weekly Compilation of Presidential Documents of May 25, 1987. ■

U.S. Human Rights Policy: Origins and Implementation

by George Lister

Address before the Matias Romero Institute (Foreign Service Institute of Mexico) in Mexico City on May 26, 1987. Mr. Lister is senior policy adviser in the Bureau of Human Rights and Humanitarian Affairs.

I welcome the opportunity to talk with you today, not for just the usual polite reasons of responding to an invitation but mainly because I feel the subject of our meeting, U.S. human rights policy, is very important. And certainly it is one which is close to my heart. The subject is also highly controversial and does not lend itself to easy generalizations, and since I am going to speak for only about 30 minutes, I suggest you consider these opening remarks as merely an introduction to our discussion. I anticipate that following my presentation, you will ask many questions, and I hope we can have a candid, vigorous exchange of views, which I am prepared to continue for as long as you wish.

Origins of Current Policy

First, how and when did our human rights policy begin? At the outset I should emphasize that my government does not perceive itself as the original defender of human rights. There were articulate supporters of human rights long before Columbus came to this hemisphere. And, of course, there have been many important human rights issues throughout history, e.g., slavery was a major cause of our Civil War over a century ago. So nothing that I am going to say here should be construed as implying that we have a monopoly in the defense of human rights. We do not.

However, there did come a time when human rights advocates both inside and outside our government decided that human rights should be accorded a higher priority in the conduct of our foreign policy. This movement began to take shape some years prior to the Carter Administration. A leading role in this campaign was played by several Members of Congress from both major parties, Republicans and Democrats, and particularly by Congressman Don Fraser of Minnesota, who

was Chairman of the Subcommittee on International Organizations and Movements. In the latter half of 1973, and in early 1974, Fraser's subcommittee held a series of public hearings on U.S. foreign policy and human rights, with witnesses including U.S. Government officials, jurists, scholars, representatives of nongovernmental organizations, etc. These hearings were followed by a subcommittee report on the subject in March 1974, including 29 specific recommendations. The first recommendation stated that: "The Department of State should treat human rights factors as a regular part of U.S. foreign policy decision-making." The report itself began with the following sentence: "The human rights factor is not accorded the high priority it deserves in our country's foreign policy."

The Fraser subcommittee report achieved considerable impact in our government, and some of the 29 recommendations were implemented fairly soon. One of these called for the appointment of a human rights officer in each of the State Department's five geographic bureaus: for Europe, Latin America, Africa, the Near East, and East Asia. I was serving in our Latin American bureau at the time and became the first human rights officer for that area.

So the human rights cause was gaining impetus before Jimmy Carter won the 1976 elections. But, of course, soon after President Carter assumed office, human rights did begin to receive considerably more attention in the daily implementation of our foreign policy. A separate Bureau of Human Rights and Humanitarian Affairs was created with a new Assistant Secretary. I will discuss how that policy was implemented, and with what results, in a few minutes, but first let me say a few words about what happened when the Reagan Administration replaced the Carter Administration, in early 1981.

At that time I recall there were some, in and out of government, who assumed that our human rights policy was finished. This assumption prevailed both among strong advocates of human rights and those who felt human rights considerations should have no place in our foreign policy. Some even expected the human rights bureau to be abolished.

But fortunately, it soon became apparent that our human rights policy had been institutionalized, that it had strong bipartisan support in Congress, that human rights legislation passed in previous years was still in force, that our annual human rights reports to Congress were still required by law, etc. In short, our human rights policy continued. Today our human rights bureau is alive and well, with an able and committed Assistant Secretary, Richard Schifter, who has dedicated his work in the Department to the memory of his parents, who perished in the Holocaust.

Misconceptions

So much for the origins of our current human rights policy. Now I will discuss briefly a few of the misconceptions which have arisen regarding that policy.

First, we are not seeking to impose our moral standards on other countries. The rights we are discussing here are recognized, at least with lip service, throughout the world. Indeed, they are included in the Universal Declaration of Human Rights, which was adopted by the General Assembly of the United Nations on December 10, 1948. I am sure many of you are familiar with the declaration, but I have copies here in case you would like to take them. So, to repeat, our human rights policy is based on internationally accepted norms.

Second, our human rights policy does not—repeat, not—reflect any assumptions of U.S. moral superiority. Those of you who have been to my country know very well that we have many human rights problems at home, including, for example, race discrimination, sex discrimination, violations of minimum wage laws, etc. We have achieved much progress with some of these problems in recent years, but they still persist and are a frequent subject of criticism in our free press. So the United States is no exception. We all have human rights problems.

Third, we are also aware that many other nations are less fortunate than the United States. Due to accidents of history, geography, climate, etc., there are countries with appalling problems of extreme poverty, illiteracy, overpopulation, terrorism, etc., which we have been favored enough by fate to escape. As a result, other peoples sometimes see us as insanely lucky. For example, having served in Poland, I know that many people there consider the United States to

be uniquely fortunate. They see themselves as situated between Germany and Russia, while we are sheltered by two oceans. There is a Polish saying that "God protects little babies, drunkards, and the United States of America."

Fourth, contrary to what some people assume, we do not intend our human rights policy to be intervention. We would like to be on friendly terms with all governments, and, everything else being equal, we prefer to avoid political confrontations, strained relations, dramatic headlines reporting diplomatic crises, etc. On the other hand, of course, we do have a right to decide to which countries we will give our economic and military assistance. And when another government pursues a policy of murder and torture of its citizens, we have a right to disassociate ourselves publicly from that policy and to withhold our aid.

Results

Now what have been some of the results of our human rights policy over the past 10 years or so? Here I will attempt a very rough and incomplete balance sheet. On the minus side there have been strains in our relations with some governments which otherwise would have been friendly allies but which resented our criticism of their widespread human rights violations. And sometimes that resentment has been shared by important areas of public opinion in those countries. For example, I recall accompanying the then-Assistant Secretary for Inter-American Affairs, Terry Todman, on a visit to Argentina in 1977. In Buenos Aires one evening, we were invited to supper by a group of local Argentine businessmen, some of whom were extremely critical of our human rights policy as they understood it. They deeply resented the State Department's criticism of human rights violations in Argentina, and they accused us of naively underestimating the danger of a communist takeover. I felt their resentment was entirely understandable, although I did not agree with it. And that bad feeling certainly imposed a strain on our relations with Argentina. I will discuss some other costs to the United States later if you wish, but because of the shortness of time, I will pass on now to the plus side of this human rights balance sheet.

What have been some of the achievements of our human rights policy? Here I would say that, both as direct and indirect results of our efforts, there has been less torture in some countries, there have been fewer political

murders, fewer "disappeareds," more names published of political prisoners being held, more prisoners actually released, states of siege lifted, censorship relaxed, more elections and more honest elections, and in Latin America the Inter-American Human Rights Commission has been invited to more countries, etc. I feel this is an impressive record and far outweighs the minus side of the balance sheet.

I hasten to add that I am not suggesting these advances in human rights are exclusively the result of our human rights policy. The main credit for this progress belongs to the citizens of those countries in which it took place. But I do maintain that the United States has made a major contribution to the progress, and I feel we should take quiet satisfaction in our record.

From the viewpoint of U.S. foreign policy, there is another very important benefit to be included on the plus side of the balance sheet. That is that our human rights policy has been welcomed by many key sectors of foreign public opinion which, in the past, have often been hostile to U.S. policies, at least as they understood them. Such groups include, for example, some democratic political parties, some labor unions, various religious organizations, many student bodies, many intellectual circles, etc. Our human rights policy has helped greatly in improving our relations with the democratic left, including Marxists who reject Leninism.

It is noteworthy that a number of other governments have now appointed officials to monitor human rights problems. The French Government is one of these. In Moscow an "Administration of Humanitarian and Cultural Affairs" has been created in the Ministry of Foreign Affairs. However, thus far it appears the main purpose of this new office is to counter foreign criticism of Soviet human rights abuses.

To sum up, I am convinced that our human rights policy over the past 10 years has not only helped the human rights cause in many areas of the world but has also been very much in the self-interest of the United States.

Difficult Questions

Having said that, I emphasize immediately that I am not suggesting for a moment that, because we accord a high priority to human rights, our entire foreign policy automatically works well. Obviously not; our human rights policy provides no easy solutions to the complex and urgent problems which confront

us daily and is in no way a guarantee against mistakes in judgment, faulty implementation, misinformation, etc. Moreover, many problems and questions arise in just trying to carry out our human rights policy. I will mention only a couple of these very briefly.

First of all, just how high a priority should human rights enjoy in our foreign policy? I think it is clear that, in the final analysis, our highest priority must go to the survival of the United States as a free and independent nation in a world which is often extremely dangerous. The application of these two priorities, survival and human rights, frequently involves difficult and complicated decisions.

Another difficult question concerns economic assistance. Should the United States cancel economic aid to a country with a poor human rights record if our calculations indicate that those who will suffer most from that decision will be the poorest sectors of that society? In such instances we can sometimes receive useful insights and advice from local religious representatives and those in a country who are in close touch with the needs of the local community.

Criticisms

Now what about some of the many criticisms of our human rights policy? One which I recall as fairly frequent during the early days, a dozen or so years ago, was that human rights advocates are "emotional" and that emotion has no place in serious foreign affairs. Well, I would say that emotion is fairly normal to the human race, and just about all of us become emotional for one reason or another—some of us about the stock market's Dow Jones average, for example, and others possibly about human rights. Obviously, emotion does not necessarily preclude common sense and good judgment. In any event, now that the novelty of our human rights policy has worn off, this is a criticism which is seldom heard these days.

Another criticism is that the application of our human rights policy is "inconsistent," that we do not respond consistently to human rights violations in one country and another. There might be more validity to that criticism if the protection of human rights were our only objective. But, as I mentioned earlier, human rights is only one very important consideration in our foreign policy. However, even if this were not so, even if human rights were the *only* consideration, experience indicates it would be unreasonable to expect complete consistency in the day-to-day conduct of our

foreign affairs. There are over 160 coun-
tries in the world today. Our human
rights policy cannot operate with com-
petitors. It is simply unrealistic to expect
large government bureaucracy to per-
form perfectly. Even championship foot-
ball teams never play an absolutely
perfect game. I would say, rather, that
consistency is a goal for which we aim,
and when some inconsistencies inevi-
tably do occur, they do not invalidate the
basic policy. In brief, I maintain that,
while our human rights policy is far from
perfect, it is both genuine and effective.

Still another criticism we hear is that
we apply our human rights policy only to
rightwing governments; never to right-
wing dictatorships. This is a favorite
theme of broadcasts from the Soviet
Union and Cuba, which I read every day.
I find it highly significant that both
Moscow and Havana devote much time
and effort trying to prove that our
human rights policy is simply capitalist
propaganda, with a double standard.

Obviously, the Leninists feel very
threatened by our human rights efforts.
The truth is, of course, that we
criticize human rights violations by both
right and the left. If you have any
doubts on that score I invite you to read
the latest issue of our annual human
rights reports to Congress for the year
1986. I would be interested to know
whether you can find any pattern of
ideological discrimination in the reports
on 167 countries we prepared last year.

On the same theme it is relevant to
mention that we now commemorate
Human Rights Day, December 10, with a
ceremony in the White House, during
which the President signs the Human
Rights Day proclamation. Last year both
President Reagan and Assistant
Secretary Richard Schifter briefly
reviewed the state of human rights
worldwide, and their comments reflected
repression not only in the Soviet
Union, Cuba, Nicaragua, and Poland but
also in South Africa, Chile, Paraguay,
and Iran [see Special Report No.

1—“Reviewing the U.S. Commitment
to Human Rights”]. I repeat, we criticize
human rights violations by both the left
and the right.

There is another important criticism
from the political left, and not just the
Marxists, which argues that one cannot
simply combat human injustice without
replacing capitalism with socialism, that
we work against torture, political
murders, etc., is all very well, but basic
human rights cannot be ensured without
the establishment of socialism. I
disagree, and I often recall another say-
ing I learned in Poland many years ago.

It goes like this: “What is the difference
between capitalism and socialism?
Capitalism is the exploitation of man by
man, and socialism is vice versa.” There
is much truth in that bitter joke, and I
think it is quite obvious by now that
there can be ruthless oppression and
exploitation with both economic systems.
Neither capitalism nor socialism, in
themselves, are a guarantee of human
liberty. I personally feel that if there is
one human right which is a key to all the
others, it would be free speech. Free
speech is more revolutionary than
Marxism-Leninism.

Role Played by Nongovernmental Organizations

Now before concluding, a few words on
the very important role played by
nongovernmental organizations involved
with human rights work. Many of them
perform valuable services in monitoring
human rights issues, protecting human
rights victims, helping refugees, etc.
These are badly needed activities and
represent a major contribution to the
human rights cause. A good number of
these groups are also occasional or fre-
quent critics of the State Department’s
performance, and there is certainly
nothing wrong with that when the
criticism is reasonably accurate.

But having acknowledged the
positive role they play, and having heard
and read much of their comment, I also
wish to voice one measured criticism of
some of these groups. A good many
organizations, such as Amnesty Interna-
tional, are quite willing to protest human
rights violations across the political spec-

trum, from right to left. But it is
discouraging to note how many other
self-described human rights activists are
motivated mainly by ideological prej-
udice. For example, it is remarkable that
some of these people accuse the State
Department of favoring rightwing
dictatorships over communist regimes
when they themselves do precisely the
opposite. It is difficult to understand, for
instance, how an organization allegedly
covering human rights in Latin America
can be highly vocal on problems in Chile
and Paraguay but steadfastly refuse to
say one word on violations in Cuba and
will then accuse the State Department of
applying a double standard.

In this connection I will conclude by
recalling a vivid personal experience
several years ago in one of our embas-
sies in a foreign capital. I was talking
with a woman whose husband had
“disappeared,” as they say, and she
herself had good reason to fear for her
own safety. She was discussing her
plight with me while accompanied by her
son of around 10 years of age. Toward
the end of our meeting, she felt she had
summed up enough courage to ven-
ture outside once again, and she stood
up to say goodbye. But then panic
returned, and she decided to stay for
just one more cigarette. When she tried
to light up, her hands were trembling so
much that I finally did it for her. And
her small son’s eyes never left me as he
desperately tried to read in my face the
chances for their survival. I think the
question of whether that mother and son
were in danger from a rightwing or left-
wing regime is totally irrelevant. ■

Human Rights and U.S. Foreign Policy

by Richard Schifter

*Address before the Institute for Inter-
national Affairs in Stockholm on
May 18, 1987. Ambassador Schifter is
Assistant Secretary for Human Rights
and Humanitarian Affairs.*

It is somewhat of a challenge for an offi-
cial of the U.S. Government to come to
Sweden and deliver a talk on aspects of
U.S. foreign policy. It is a challenge, I
believe, not because we are in fundamen-
tal disagreement. On the contrary, I
believe we are in fundamental agree-
ment, but there are misunderstandings
between us. The challenge, it seems to

me, is to use this opportunity to make a
contribution, be it ever so slight, to the
efforts to clear up our misunderstandings.

There is, of course, one basic differ-
ence between your approach to world
affairs and ours, which is directed by our
relative size. Anyone who knows the
American people well is aware of the
fact that we do not particularly relish
our position of leadership in the world.
But our numbers—in terms of popula-
tion, economic strength, and military
power—have thrust a role on us from
which we cannot escape. Our actions can
powerfully affect the course of history.
We must live with that fact and act
accordingly.

HUMAN RIGHTS

Let me now focus on the specific topic of this talk: human rights as an aspect of foreign policy. In recent years we have become so accustomed to human rights discussions at the international level that we sometimes do not focus on the fact that the introduction of human rights into foreign policy debates is of very recent origin.

The concept of human rights, the notion that the powers of government are limited by the inherent rights of the individual, stems in its modern setting from the writings of the thinkers of the 18th century. But for two centuries the issue of human rights was deemed a matter of purely domestic concern, to be asserted by political groups within a given country in the context of demands for democratic government. Diplomats, even the diplomats of democracies, shied away from involvement in such matters. They continued to adhere to the notion that what a sovereign power does within its borders to its own citizens is not appropriately a matter of concern to other countries.

It was only in the wake of World War II that consideration came to be given to the idea that the issue of human rights should be elevated to the international level. Language to that effect was incorporated into the Charter of the United Nations. But it takes a long time for diplomatic traditions to die. The prevailing view after the adoption of the Charter was that the language contained therein was hortatory rather than operational. Nor did adoption of the Universal Declaration of Human Rights in 1948 effect an immediate change in this outlook. The barrier was finally broken a few years later, when the United Nations began to discuss the issue of racial discrimination in South Africa.

In retrospect it may not be surprising that, of all the human rights violators of that time, the United Nations would single out South Africa for special opprobrium. After all, the commitment to the cause of human rights in the Charter had been prompted largely by Nazi atrocities, which had been based on a racist ideology. South African racist practices were uncomfortably reminiscent of Nazi prewar policies even if not of the wartime murders.

As it is, it took the United Nations a long time to progress beyond its single-minded attention to South Africa as the one domestic human rights violator. Other human rights violations were approached most gingerly until the Soviet bloc, after 1973, pounced on Chile, not really for violations of human rights but because of the Brezhnev Doctrine. The rest of us, who sincerely do believe in human rights, joined the effort because of that belief. Thus you can say

that an East-West consensus was established even though there was a fundamental difference in motivation.

It was only toward the end of the 1970s and at the beginning of the 1980s that the list of states subjected to comprehensive criticism in international fora was lengthened to include some as to whose inclusion there was no overwhelming majority consensus.

Beginning with the Belgrade followup meeting under the Conference for Security and Cooperation in Europe (CSCE), the scope of discussion was, indeed, extended to include human rights violators within the Soviet bloc. The precedent set in the CSCE process was thereafter followed in the United Nations as well. Thus, only within the last 10 years can we speak of a full-scale, across-the-board discussion of human rights violations in international fora, discussions in which a good many participating states have put aside the traditional inhibitions against such discussion.

In the United States the 1970s also witnessed the development of and, even more significantly, the application of a bilateral human rights policy, a human rights policy which would not only be reflected in speeches at international gatherings but in direct contacts between the United States and the country in question. The Congress of the United States passed a series of laws which linked human rights conditions in specific countries to specific actions by the U.S. Government. Statutory linkage was thus established to most-favored-nation status with regard to tariffs, U.S. governmental credits and credit guarantees, economic and military assistance, U.S. votes on loans from international banks, licenses for the export of equipment used by law enforcement agencies, etc.

In order that it be guided in voting on foreign assistance programs, Congress also enacted a law during the 1970s which required the State Department to submit an annual report reviewing human rights practices throughout the world, country by country. As I have just noted, the objective of the law was to provide the Congress with fuller information on the state of human rights in specific countries. However, this law had, in my opinion, a highly significant and perhaps totally unintended impact on the U.S. State Department.

It was decided early on that the first draft of a country human rights report was to be prepared by the U.S. embassy located in that country. This resulted in ambassadors appointing, in each of our embassies, persons responsible for the preparation of such reports. These persons became known, over time, as our "human rights officers."

Preparing a human rights report on a country such as, for example, Sweden is a rather simple task. It can be done quickly prior to the annual deadline set for the submission for such reports.

But the situation is vastly different in many other states. Where massive human rights violations take place, it may be necessary to have a full-time human rights officer. As the information on human rights violations will often not be readily available, the human rights officer will have to go out to look for it. This will necessarily mean that he must be in contact with persons not particularly well liked by the government in power. Here we have, thus, another break with tradition. Throughout the world in states in which human rights violations occur, the U.S. embassy is consistently in touch with persons who are in disagreement with the policies of their governments. In many locations the U.S. embassy is the only foreign mission that is regularly in touch with these dissenting individuals or groups.

Though the reports are prepared only once a year, a human rights officer in a country which does have human rights problems must necessarily keep watch across the year. He will try to collect information on human rights violations so as to be able, when the time comes, to write a report that is both comprehensive and accurate. Keeping watch does not, in our State Department, mean writing notes to oneself for ready reference at the time the annual report is written. A Foreign Service officer responsible for a particular subject matter will tend to report on matters in his field as they develop. Human rights officers will, therefore, send telegraphic messages to Washington, which we usually call "cables," letting the State Department know about the latest developments in the human rights field in the country in question. He might even add a recommendation as to what we should do in light of the latest development. And so, day in, day out, throughout the year, there arrive at the State Department in Washington messages from embassies throughout the world, messages prepared by human rights officers, reporting on human rights violations.

Whether or not the embassies recommend specific steps to be taken in consequence of these human rights violations, a report of such a violation will cause the responsible officers in Washington to reflect on these developments and try to reach a conclusion as to what to do about the problem. Through this process, as you can readily see, the entire bureaucracy is sensitized to the human rights issue, sensitized to the point that it almost instinctively seeks to respond.

The Human Rights Issue in Korea

by Richard Schifter

*Statement before the Subcommittees on Asian and Pacific Affairs and on Human Rights and International Organizations of the House Foreign Affairs Committee on May 6, 1987. Ambassador Schifter is Assistant Secretary for Human Rights and Humanitarian Affairs.*¹

I am grateful for this opportunity to appear before you today to discuss human rights developments in Korea. I join Dr. Sigur [Assistant Secretary for East Asian and Pacific Affairs] in recognizing the importance of President Chun's commitment to the transfer of power at the expiration of his term in February 1988. We welcome President Chun's pledge and realize that this decision is an essential first step toward a more open and legitimate Korean political system. The goal of a more representative government attained through free and fair elections in 1988 is one which we strongly support.

In order for democratic institutions to be lasting, however, the governmental structure must rest on a foundation of respect for the rights of the individual. True success in this regard will depend largely on the Korean Government's ability to protect personal liberties and its demonstration of regard for human dignity.

In reviewing Korea's human rights record over the past year, it is clear that there is reason for deep concern. In our "Country Reports on Human Rights Practices," which we submitted to the Congress in January, we spelled out in detail our assessment of the problem. Let me emphasize in this context that we are aware of the threat posed to South Korea by its neighbor to the north, which is, indeed, one of the world's most serious human rights violators. Efforts are made from time to time to justify human rights violations in South Korea on the ground that these are essential security precautions. We disagree with the notion that one must violate human rights to protect oneself from external aggression. The Republic of Korea is, in our view, a country which has exhibited a great deal of strength in its recent growth and development. Its economic progress has been spectacular and has, in fact, added greatly to the country's stability and power. Human rights violations and the dissension they create tend to weaken a country.

Respect for human rights, going hand in hand with economic development, would add to Korea's strength.

As noted in our country reports, our greatest concern regarding Korean human rights violations focuses on the behavior of its security organs and the harsh penalties meted out by the courts for nonviolent expressions of dissent.

Article 9 of the Korean Constitution prescribes that "It shall be the duty of the state to confirm and guarantee the fundamental and inviolable human rights of the individual." Article 11 declares that "No citizen shall be tortured or be compelled to testify against himself in criminal cases."

We are sure that the Korean people want to see these provisions of the Korean Constitution adhered to. We share this desire. For that reason we have expressed our concern over repeated reports of torture by the Korean police. The most recent case to draw public attention was the tragic torture killing of Park Chung Chol, a university student, in Seoul by Korean police authorities. In Korea today, the use of excessive force by the police and security forces continues to be a pervasive and ingrained problem. It is a problem that Korean leaders must deal with far more effectively than they have so far. We welcomed President Chun's corrective action and public assurance that this kind of abuse would not be repeated. Clearly, it is necessary to get the message across to all police officers that the government means what it says and is prepared to punish offending policemen.

Another area of concern is the problem of political prisoners in Korea and harsh sentencing. In December 1986, we estimated well over 1,000 persons remained in custody for politically related offenses. Prison sentences can range as high as 7 years for such persons.

For persons deemed "socially dangerous," the law allows preventive detention under provisions of the Social Protection and Social Stability Laws. Under the Social Protection Law, a judicial panel may order preventive detention for a fixed term of 2 years, which can be extended by the panel for additional 2-year periods. This extension process can continue indefinitely. The Social Stability Law allows for a preventive detention term of 7-10 years through administrative proceedings.

A report of a human rights violation occasionally cause us to make a public statement critical of the violating country. In many other instances it will cause us to deliver a demarche or make a formal representation in the capital of the country in question or with the country's ambassador in Washington or both. The latter type of practice has become known as "quiet diplomacy." Let me emphasize to you that quiet diplomacy concerning human rights can be quite forceful. The term "quiet" means in this context merely that we do not make a public statement on the subject. Quiet diplomacy, I can assure you, is being pressed by the United States most actively and is a truly effective tool in advancing the cause of human rights.

I must emphasize that injection of human rights considerations into the practice of foreign policy in the United States has not meant that our national security concerns can or should be put aside or relegated to second place. Like any other country, we must, in the United States, be guided by our need for national security. As, because of our size and status, our security can be affected by developments anywhere in the world, human rights implications must necessarily be weighed in all our foreign policy moves. It might be needed to protect our national security and on many occasions be the subject of argument. However, few people will argue over the basic principle that we have a right to preserve our national security.

Having made the point about the primacy of national security concerns, let me add that the United States consistently subordinates commercial concerns to human rights considerations. Second that, I would say that there are times when we put security considerations at risk in order to advance the cause of human rights. This may be hard to believe, but I can think of a number of instances which would prove the correctness of the observation I have just made.

I recognize that not only this last remark but a good deal of what I may have said to you today runs counter to the description of American foreign policy methods and objectives as described in the media. Let me simply say that this is where our misunderstandings must start. I, for one, believe in and respect the idealistic motivation of our foreign policy makers. As we weigh these motives, I believe there is a sound basis for dialogue between us and action along parallel lines. Ambassador [Newell] [U.S. Ambassador to Sweden] has fully subscribed to this belief. That is why I urged me to visit Sweden, and that is why I am here today. ■

There is a "preventive custody center" in the city of Chongju where prisoners judged to be insufficiently repentant are held following the completion of their original prison sentences. Soh Joon Shik, whose original 7-year sentence ran out in 1978, and Kang Jong-Kon, whose original 5-year sentence was completed in 1981, are two political prisoners believed to be held in Chongju. Although the Korean Government has not released figures on the total number of persons under preventive detention, some human rights groups assert that as many as 380 prisoners are being held under Social Stability Law provisions.

On occasion, the security services have not only detained persons accused of violating laws on political dissent but have also increased surveillance of or put under various forms of house arrest those they think "intend to violate the law." Korea's Public Security Law permits measures including "preventive custody" of certain persons considered likely lawbreakers. Such restrictions were used against opposition political figures, including the then-leaders of the New Korea Democratic Party (NKDP), in early 1986 in an effort to stop the petition campaign for constitutional revision. During this period, Kim Dae Jung was not permitted to leave his home for 12 days. Mr. Kim is today once again under house arrest.

In the past year the Korean Government continued to investigate dissident and student organizations and to make arrests for national security law violations for activities characterized as pro-communist, pro-North Korea, or anti-state. In many of these cases, there is good reason to believe that the National Security Law was misused to suppress mere dissent.

Though we consider torture and the imprisonment of persons for the expression of dissenting views to constitute the most egregious human rights violations, we are also most troubled by Korean speech and press restrictions. Although the Korean Constitution guarantees these basic rights, in practice, the expression of opposition views is limited, sometimes severely. In 1980, the new Chun government enacted a press law, merged broadcasting networks and newspapers, established a government-owned public television corporation, and prohibited the stationing of reporters by national newspapers in provincial cities.

Repression of freedom of the press need not be overt. It can also be effective through behind-the-scenes measures. Thus, to stay out of trouble, Korean media consider it necessary to

adhere to various forms of self-censorship following guidelines provided by the government. Journalists who object or ignore these guidelines suffer various forms of harassment, including the loss of their job.

In the past year there also have been restrictions on academic freedom. Over 700 university professors signed various statements calling for democratic reforms. Many were subjected to various pressures and punishments including the denial of research funds, withholding of promotions, and pressure to resign from administrative positions.

I have in my statement to you highlighted some of Korea's human rights problems. For details on each of these points and further elaboration of the issue I want to refer you to our country report.

Earlier in my remarks, I made a reference to North Korea, the country which comes closest to George Orwell's image of the totalitarian state, as

described in his novel "1984." By comparison to North Korea—or to a good many other of the world's dictatorships—the Republic of Korea is a country which allows a significant amount of freedom. But that, as I have had occasion to point out to Korean officials, does not excuse a single act of torture. It is precisely because Korea has advanced so far on the path to an open society and a democratic state that its deviations from that path come as a particular shock.

The decision to establish a democratic system on a secure foundation of respect for human dignity, of course, will have to be made by the Korean people themselves. We have every reason to think that they are ready to do so. The United States will firmly support their efforts in this regard.

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. Policy in the Persian Gulf and Kuwaiti Reflagging

by Michael H. Armacost

*Statement before the Senate Foreign Relations Committee on June 16, 1987. Ambassador Armacost is Under Secretary for Political Affairs.*¹

I welcome the opportunity to testify before this distinguished committee on U.S. policy in the Persian Gulf, an area of the world vital to U.S. interests. I want to focus in some detail on the Administration's decision to reflag and protect 11 Kuwaiti oil tankers. There is considerable misunderstanding, and the Administration accepts part of the responsibility for this confusion. We have not always articulated as clearly as we might the distinction between our comprehensive policy to protect all our interests in the gulf, on the one hand, and the specific interests advanced by the decision to reflag a limited number of ships, on the other. I hope today to add greater clarity to these important issues.

U.S. Interests in the Region

I believe a consensus exists in the Administration, the Congress, and the country on the basic U.S. interests in the Persian Gulf region.

- The unimpeded flow of oil through the Strait of Hormuz is a vital interest and critical to the economic health of the Western world; another very important interest is freedom of navigation for nonbelligerent shipping in and through the gulf, in line with our worldwide policy of keeping sealanes open.

- The security, stability, and cooperation of the moderate states of the area are important to our political and economic goals; we have a major interest standing by our friends in the gulf, but because of their importance in their own right and because of their influence in the gulf and beyond. At present, that means helping them deal with the threat from Khomeini's Iran.

- We have an interest in limiting the Soviet Union's influence and presence in the gulf, an area of great strategic interest to the Soviets because of Western dependency on its oil supplies.

These interests are threatened by the escalation of the Iran-Iraq war. To protect them, we are following a two-track policy:

- To galvanize greater international pressure to persuade the belligerents to negotiate an end to the conflict; and

• To protect our interests and help protect the security of moderate, friendly Arab states in the gulf.

the Iran-Iraq War

For a number of years, the tragic Iran-Iraq war was contained. It wreaked terrible human and material losses on the two nations involved and their citizens but largely spared others beyond the belligerents' borders.

In 1984, Iraq began to attack tankers carrying Iranian oil through the gulf. Iraq's intention was clear: to try to overthrow the government through a coup on the seas the military movement it had lost on the ground. With a free hand, Iraq increased the population of Iraq and given by revolutionary-religious fervor, Iraq has a great advantage in a land war. Iraq also viewed the shipping attacks as a way to reduce Iran's oil revenues and, thus, its revenues for propagating the war; with this action, Iraq hoped to neutralize, in part, Iran's military success early in the war of closing down Iraqi ports and persuading the world to shut off the Iraqi-Syrian oil pipeline to the Mediterranean Sea. Unable to export significant quantities of oil in 1981 and 1982, Iraq has gradually built up new export facilities—using pipelines in Turkey and also Saudi Arabia. None of its 1.5 million barrels per day in exports transit the gulf any longer. Thus, unable to hit Iraq over oil exports, Iran retaliated by hitting nonbelligerent shipping going to the ports of the moderate gulf states which support Iraq.

The international community became predictably alarmed in the spring of 1984. The UN Security Council (UNSC) passed a resolution calling for protection of neutral shipping, but it had no enforcement measures. Iran rejected the resolution, and it was filed away. Gradually, however, other producing and consuming nations became less apprehensive as they saw that most ships got through more or less on schedule and that gulf oil flow was not interrupted. Insurance rates settled down. Tankers and crew were readily available. In short, the world learned to live with the tanker war.

That situation has not yet dramatically changed, although three developments over the past 18 months have caused us concern.

First, the number of attacks on vessels doubled in 1986 over 1985. The trend so far in 1987 has been slightly above the 1986 level. On the other hand, the percentage of ships hit is still very small—less than 1% of those transiting the gulf.

Second, in late 1986, Iran acquired Chinese-origin Silkworm antiship missiles. It tested one in February. Deployment sites are being constructed along the narrow Strait of Hormuz. These missiles, with warheads three times larger than other Iranian weapons, can range the strait. They could severely damage or sink a large oil tanker or perhaps scare shippers from going through the strait, leading to a *de facto* closure. We have made clear to Iran, publicly and privately, our concern about these missiles and their threat to the free flow of oil and urged others to do so as well. A number have. We emphatically want to avoid a confrontation and will not provoke one—but we are determined to pursue a prudent policy that protects our own interests and those of our friends.

Finally, last September, Iran began singling out Kuwaiti-flag vessels and vessels bound to or from Kuwait for attack. At the same time, Iranian-inspired groups intensified their efforts at sabotage and terrorism in Kuwait itself, building on their earlier activities that included a bombing attack on the U.S. Embassy in December 1983 and an assassination attempt on the Amir in 1984. Iran's immediate objective was clear—and publicly stated: to use intimidation to force Kuwait to quit supporting Iraq with financial subventions and permitting goods bound for Iraq to be off-loaded at a Kuwaiti port. Iran's longer term objective is equally clear—if not publicly articulated: after succeeding in Kuwait, to apply the same policies of intimidation against other gulf states to change their policies and set the stage for gaining hegemony over the entire area.

It is to frustrate Iranian hegemonic aspirations that the Arab gulf states continue to support Iraq. It is for similar reasons that other close friends, such as Egypt and Jordan, also assist Iraq—despite their previous difficulties with Baghdad. Iranian hegemony over the gulf and the spread of Iranian radical fundamentalism beyond Lebanon worry them greatly. They and the gulf states view Iraq as a buffer that must not be allowed to collapse.

Let us not forget—the gulf region sits on 70% of the world's oil reserves. It provides 25% of the oil moving in world trade today; it will supply a much higher percentage in the future. It is fundamentally counter to U.S. interests for Iran—with its current policies and anti-American ideology—to control or have permanent influence over this oil supply, which is critical to the economic well-being of the West. Some of our allies depend today more on this oil than

we. But our dependency is growing and will continue to do so. Moreover, a supply disruption, or the threat of one, will sharply raise global oil prices, affecting our economy dearly.

We do not seek confrontation with Iran. We hope, over time, to improve our relations with that strategically important country. We share many common interests, including opposition to Soviet expansion in Afghanistan and elsewhere. We accept the Iranian revolution as a fact of history. But our bilateral relations will not substantially improve until Iran changes its policies toward the war, terrorism, and subversion of its neighbors. And in the meantime, we will protect our interests.

Kuwaiti Reflagging: The Administration's Decision

Late last year, to counter Iranian targeting of Kuwaiti-associated shipping, Kuwait approached both the Soviet Union and the United States—as well as others, ultimately—to explore ways to protect Kuwaiti-owned oil shipping. The Russians responded promptly and positively. We took more time before agreeing to reflag and protect 11 Kuwaiti ships; we did so only after carefully assessing the benefits and risks, as many in the Congress are doing today. Kuwait expressed its preference to cooperate primarily with the United States but insisted on chartering three Soviet tankers as well—to retain its so-called balance in its foreign policy and to engage the military presence of as many permanent members of the Security Council as possible.

Kuwait's request to place ships under the American flag was an unusual step in an unusual situation. Unlike a commercial charter arrangement, these vessels become American ships subject to American laws. Moreover, Kuwait and the other gulf states view the reflagging as a demonstration of long-term ties with the United States—in contrast to a short-term leasing arrangement with the U.S.S.R.

Kuwait—or any country—can register its ships under the American flag if it meets normal requirements, or it can charter American-flag vessels if it can work out a commercial arrangement. As a general policy, the U.S. Navy tries to protect U.S.-flag ships around the world, and this policy does not discriminate on the basis of how and why ships are flagged. Nevertheless, the Administration carefully considered the Kuwaiti request and reaffirmed as a policy decision to provide the same type of protection for the Kuwaiti reflagged vessels as

Arms Sale to Saudi Arabia

PRESIDENT'S STATEMENT,
JUNE 11, 1987¹

I deeply regret the necessity, temporarily, to withdraw the proposal to sell modified Maverick air-to-ground missiles to Saudi Arabia because of strong congressional opposition.

The seven leaders meeting here [Venice] for the economic summit recognize the importance of that region to our mutual economic and security interests. Saudi Arabia is our staunchest ally in the gulf in resisting the Soviet efforts to establish a presence in the Middle East. We need their support, and they have been cooperative. This action

precipitated by Congress sends exactly the wrong signal.

To avoid further delays, I will undertake additional consultations with Congress and resubmit the necessary notifications at the earliest possible date. Arms sales which meet Saudi Arabia's legitimate defense needs and do not upset the military balance in the region are an important part of our relationship with that country. They are directly related to the protection of our long-term interests in the Persian Gulf.

¹Text from Weekly Compilation of Presidential Documents of June 15, 1987. ■

that accorded other U.S.-flagged vessels operating in the gulf. Since the tragedy of the U.S.S. *Stark*, we have decided to augment our naval forces, which have been in the gulf since 1949, to ensure stronger protection for the U.S.-flag ships and our military personnel. However, we are talking about only a modest increase in American-flagged vessels operating in the gulf. We are not entering into an open-ended, unilateral protection regime of all neutral shipping, nor do we intend to do so.

We have taken these actions to support two important and specific U.S. security interests in the gulf:

First, to help Kuwait counter immediate intimidation and thereby discourage Iran from similar attempts against the other moderate gulf states; and

Second, to limit, to the extent possible, an increase in Soviet military presence and influence in the gulf.

There is plenty of evidence that the Soviets are eager to exploit the opportunity created by the Iran-Iraq war to insert themselves into the gulf—a region in which their presence has traditionally been quite limited. The strategic importance of this region, which is essential to the economic health of the Western world and Japan, is as clear to the Soviets as it is to us. Most governments in the gulf states regard the U.S.S.R. and its policies with deep suspicion and have traditionally denied it any significant role in the region. However, the continuation and escalation of the war

have created opportunities for the Soviets to play on the anxieties of the GCC [Gulf Cooperation Council] countries and to press for increased diplomatic, commercial, and military relations. They were prepared to take on much larger responsibilities for protecting the Kuwaiti oil trade than they were ultimately offered; we must assume that they would readily step into our place if we were to withdraw.

Even though Kuwait has chartered three Soviet tankers and the Soviets have said they would protect their ships, we believe the gulf states, including Kuwait, will not allow Soviet naval vessels to use their ports and facilities. This will significantly limit Soviet long-term ability to maintain or increase its current level of naval involvement in the gulf. However, if the U.S.S.R. had a much larger role in protecting gulf oil, these states would be under great pressure to make these facilities available. This was an important consideration in our decision on reflagging.

Risks and U.S. Neutrality

What added risks do we incur by reflagging the 11 Kuwaiti vessels? We cannot predict with absolute certainty what the Iranian response will be. Iranian rhetoric is full of menace, but Tehran's conduct has been marked by prudence in the gulf. Iran has not attacked any U.S. naval vessel. It has consistently avoided carrying out attacks on commercial ships when U.S. naval vessels have been in the vicinity. In its recent actions, it has

displayed no interest in provoking incidents at sea. Of course, it would be foolhardy for Iran to attack American-flag vessels. They will have American masters; they will carry no contraband; they pose no danger to Iran; they will be defended, if attacked.

Some charge that by supporting Kuwait, the United States assists a so-called ally of Iraq and ceases to be neutral in the war. We do not consider Kuwait a belligerent—nor does Iran, formally. It is not militarily engaged in the war. We recognize, however, that Kuwait provides financial support for Iraq—as do many Arab states. Its port, pursuant to a 1972 agreement that long predates the war, is open to cargo bound for Iraq; so are the ports of some other Arab countries. We understand why Kuwait and many Arab nations believe their own security and stability depends on Iraq not collapsing before Iran. We do not wish to see an Iranian victory in that terrible conflict.

Nevertheless, the United States remains formally neutral in the war. With one aberration, we have sold weaponry to neither side; we will not sell to either. But we want the war to end—because of its inherent tragedy and because a major escalation could threaten major U.S. and Western interests. That is why one of the two tracks of the President's overall gulf policy today is to seek a prompt end to the Iran-Iraq war with the territorial integrity of both nations intact.

U.S. Efforts for Peace

The United Nations. Since January, U.S.-spurred diplomatic efforts in the UN Security Council have taken on real momentum. We have explored a new approach to halt the conflict. In closed-door meetings among the "Big Five" permanent members of the Security Council, the United States has vigorously pressed for a Security Council resolution that anticipates mandatory enforcement measures against either belligerent which proves unwilling to abide by a UN call for a cease-fire, negotiations, and withdrawal to internationally recognized borders. We perceive a shared concern among all of the five permanent members that this war has gone on too long; its continuation is destabilizing and dangerous.

There also appears to be a growing consensus that more assertive and binding international efforts are needed to persuade the parties to end the conflict. Although one might not observe it from the media treatment here, the Venice

mit leaders endorsed a strong statement to this end. This is, in many ways, a unique effort among the major powers. While success is far from certain, the present UN initiative represents a cautious and significant effort to find a negotiated settlement to the war. Since the war began in 1980, there has not been such an auspicious time for concerted and meaningful action. Unfortunately, we still have no indication from Iran that it is interested in negotiations.

Operation Staunch. At the same time, we are actively working to persuade Iran's leaders of the futility of their pursuit of the war by limiting their ability to buy weapons. This effort—"Operation Staunch"—is aimed specifically at Iran because that country, unlike Iraq, has rejected all calls for negotiations. Staunch entails vigorous diplomatic efforts—through intelligence-sharing and strong demarches—to block or complicate Iranian arms resupply efforts on a worldwide basis. The process of cutting off arms suppliers to Iran has not yielded swift or dramatic results, but we are firmly committed to the effort, and we are achieving some success.

The Venice Summit. Last week, President Reagan met in Venice with leaders of Western nations and Japan. Prior to the Venice meeting, we directly approached the summit participants at a high level to urge greater individual and collective efforts to seek peace and ensure protection of our common interests in the gulf region. The gulf situation was a major topic of discussion at Venice. The seven heads of government agreed to a positive, substantive statement urging new and concerted international action to end the war, endorsing strong UNSC action, and declaring that oil flow and other traffic must continue unimpeded through the gulf. We welcome the demonstration of broad support.

Sharing the Burden of Peace and Security

There is a broad consensus in Western European countries and Japan about the importance of the gulf. We are working intensively with our allies and with our friends in the gulf to determine whether and what additional efforts would be appropriate.

Allied efforts can take many and varied forms—diplomatic initiatives designed to bring about an end to the hostilities; agreements to further monitor and restrict the flow of arms to Iran as the recalcitrant party; financial

contributions to regional states and a future international reconstruction fund to help alleviate the economic consequences of the war; and cooperation of naval units present in and near the gulf. In fact, much is already being done. The British and French have warships in the area to encourage freedom of navigation and assist ships flying their own flags. Two of Kuwait's tankers already sail under British flag. Other maritime countries are considering what they would do if the violence in the gulf expanded.

On the specific issue of Kuwaiti reflagging, we are not asking our allies to help us protect them. We can—and will—protect these ships that will fly American flags, as we do all U.S.-flagged ships. Nor would we expect them to ask us to protect their flagged ships. Should the situation in the gulf later demand a broad protective regime to keep the sealanes open, we would expect broad participation, and we would do our part. This Administration, like the previous one, is committed to ensuring the free flow of oil through the Strait of Hormuz.

Our preference would be for a Western protective regime, since an international regime would provide opportunity for the U.S.S.R. to try to legitimize a long-term military presence in the gulf. The best way for the United States and U.S.S.R. to collaborate in our stated common interest to end the war is through the work currently being undertaken in the Security Council. We challenge the Soviets to work with us in this important endeavor.

The GCC states recognize their responsibility for protecting all shipping in their territorial waters. They provide considerable assistance for our naval forces in the gulf. We may well need further support from the GCC states. While the specifics of such requirements remain under study, we will actively and forthrightly seek such facilitation of our efforts—which have to be based on cooperation if they are to be successful.

Conclusion

In sum, then, the United States has major—yes, vital—interests in the Persian Gulf. Our naval presence over the past 40 years is symbolic of the continuity and importance of our interests there. The Iran-Iraq war, if it escalates significantly, could threaten some or all of these interests. That is why the Administration puts great stress on the peace track of its two-track policy approach toward the gulf. At the same time, we will pursue the second track of

protecting our interests in the gulf—working, as appropriate, with our allies and friends in the region. The reflagging of 11 Kuwaiti ships helps advance two specific goals: to limit efforts of both Iran and the Soviet Union to expand their influence in the area—to our detriment and that of the West. Nevertheless, this new commitment is only a limited expansion of our role in protecting U.S.-flag vessels there, which we have been doing since the tanker war began. Our intent with the reflagging is to deter, not to provoke. But no one should doubt our firmness of purpose.

We believe the Congress supports our interests in the gulf and continued U.S. presence there. I hope I have clarified how the reflagging effort promotes some important U.S. interests and how it is an integral, important part of an overall policy toward the gulf that protects and advances both fundamental American objectives in the region. We trust the Congress will support our overall policy and this new, important element of that policy.

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. ■

Persian Gulf

PRESIDENT'S REMARKS, MAY 29, 1987¹

I want to speak directly this afternoon on the vital interests of the American people—vital interests that are at stake in the Persian Gulf area. It may be easy for some, after a near record 54-month economic recovery, to forget just how critical the Persian Gulf is to our national security. But I think everyone in this room and everyone hearing my voice now can remember the woeful impact of the Middle East oil crisis of a few years ago—the endless, demoralizing gas lines, the shortages, the rationing, the escalating energy prices, the double-digit inflation, and the enormous dislocation that shook our economy to its foundations.

That same economic dislocation invaded every part of the world, contracting foreign economies, heightening international tensions, and dangerously escalating the chances of regional conflicts and wider war. The principal forces for peace in the world—the United

States and other democratic nations—were perceived as gravely weakened. Our economies and our people were viewed as the captives of oil-producing regimes in the Middle East. This could happen again if Iran and the Soviet Union were able to impose their will upon the friendly Arab states of the Persian Gulf and Iran was allowed to block the free passage of neutral shipping.

But this will not happen again, not while this President serves. I am determined our national economy will never again be held captive, that we will not return to the days of gaslines, shortages, inflation, economic dislocation, and international humiliation. Mark this point well: The use of the vital sealmes of the Persian Gulf will not be dictated by the Iranians. These lanes will not be allowed to come under the control of the Soviet Union. The Persian Gulf will remain open to navigation by the nations of the world. I will not permit the Middle East to become a chokepoint for freedom or a tinderbox of international conflict. Freedom of navigation is not an empty cliché of international law. It is essential to the health and safety of America and the strength of our alliance.

Our presence in the Persian Gulf is also essential to preventing wider conflict in the Middle East, and it's a prerequisite to helping end the brutal and violent 6½-year war between Iran and Iraq. Diplomatically we are doing everything we can to obtain an end to this war, and this effort will continue.

In summary then, the United States and its allies maintain a presence in the gulf to assist in the free movement of petroleum, to reassure those of our friends and allies in the region of our commitment to their peace and welfare, to ensure that freedom of navigation and other principles of international accord are respected and observed—in short, to promote the cause of peace.

Until peace is restored and there is no longer a risk to shipping in the region—particularly shipping under American protection—we must maintain an adequate presence to deter and, if necessary, to defend ourselves against any accidental attack or against any intentional attack. As Commander in Chief, it is my responsibility to make sure that we place forces in the area that are adequate to that purpose.

Our goal is to seek peace rather than provocation, but our interests and those of our friends must be preserved. We are in the gulf to protect our national interests and, together with our allies, the interests of the entire Western world. Peace is at stake; our national interest is at stake. And we will not repeat the mistakes of the past. Weakness, a lack of resolve and strength, will only encourage those who

seek to use the flow of oil as a tool, a weapon, to cause the American people hardship at home, incapacitate us abroad, and promote conflict and violence throughout the Middle East and the world.

¹Made to reporters assembled in the White House Briefing Room (text from Weekly Compilation of Presidential Documents of June 1, 1987). ■

SDI Report to Congress

WHITE HOUSE STATEMENT, MAY 20, 1987¹

In response to a requirement placed on the Department of Defense in the 1987 Defense Authorization Act, the Secretary of Defense has sent to the Congress today a report which describes the effect on our Strategic Defense Initiative (SDI) program if the President were to restructure the program consistent with the broad interpretation of the ABM [Antiballistic Missile] Treaty. When he determined in October 1985 that a broad interpretation of the treaty is fully justified, the President decided then as a matter of policy that it was not necessary to restructure the SDI program as long as it was adequately supported.

The classified report submitted to the Congress today describes activities which the United States could conduct under a restructured SDI program aligned to the broader interpretation of the treaty. It also lays out the Department of Defense's estimates of some of the costs involved in continued adherence to the current U.S. policy of not restructuring the SDI program.

This report parallels material already provided to the President, at his request, by the Secretary of Defense. In order to provide a basis for a decision on whether to restructure the SDI program to exercise our rights under the broad

interpretation of the treaty, the President requested an analysis of this issue as well as three legal studies of the AB Treaty prepared by the Legal Adviser of the Department of State. Two of the requested legal studies have been completed, and the third should be finished at the beginning of June.

The two legal studies which have been completed have already been submitted to the Congress. The report which the Department of Defense submitted today is an element of our continuing consultations with Congress and demonstrates our commitment to providing Congress with as much information as possible on these issues.

The Strategic Defense Initiative is vital to the future security of the United States and our allies. Before the President makes a final decision about whether to restructure the program to exercise our rights under the broad interpretation of the ABM Treaty, he would like the full benefit of consultations with the Congress and our allies.

It is essential that the Congress for its part, avoid taking preemptive steps which would undermine SDI. It is critically important that the executive and legislative branches of our government reach a consensus on a strong SDI program.

¹Text from Weekly Compilation of Presidential Documents of May 25, 1987. ■

Terrorism and the Rule of Law

L. Paul Bremer, III

Address before the Commonwealth Club in San Francisco on April 23, 1987. Mr. Bremer is Ambassador at Large for Counter-Terrorism.

Today I would like to discuss our strategy to combat terrorism and, particularly, our efforts to bring the rule of law to bear against terrorists.

Terrorism has continued to plague governments and peoples all over the world. Last year, there were almost 800 incidents of international terrorism, affecting citizens and property of over 60 countries. In 1986, terrorists caused almost 2,000 casualties.

America's Counterterrorism Strategy

In the face of these grim statistics, though, let me stress that we are not sitting still. We have an active strategy to combat terrorism and one which we believe is beginning to show results. Our strategy rests on three pillars.

- The first is that we will not make concessions to terrorists.
- The second is to bring pressure on states supporting terrorism.
- The third is developing practical measures designed to identify, track, apprehend, prosecute, and punish terrorists.

Our government believes that a policy of no concessions is the best way to discourage terrorist acts. For if terrorists can gain their objectives through terror one time, they will be encouraged to repeat terror in the future. President Reagan has stated that sending arms to Lebanon was a mistake and will not be done again. It is clear that a policy of firmness is the overwhelming support of the American people.

It has been longstanding U.S. government policy that we will talk to anyone who might be able to effect the release of Americans held hostage. That remains true. Speaking with hostage holders does not mean, however, that we will make concessions which would only further encourage terrorists to undertake such acts in the future.

The second aspect of our counterterrorism strategy is to put pressure on states which support terrorism. State support of terrorism represents a special danger. In accordance with the law, the Secretary of State has identified five

countries as states which support terrorism—Syria, Libya, Iran, Cuba, and South Yemen. Our aim is to raise the economic, diplomatic, and—if necessary—the military costs to such states to a level which they are unwilling to pay.

Over the past year, there has been important progress in developing these pressures—not only by America but also by our allies. In April, after our attack on Libyan terrorist sites, the Europeans took strong steps against Libya, including dramatically reducing the size of Libyan diplomatic establishments. And, in the fall, we and the Europeans invoked limited sanctions on Syria after British and German courts proved Syrian complicity in terrorist attacks.

The third pillar, seeking practical measures to combat terrorism, is one of the most effective elements of our strategy. In attempting to identify terrorists, we work with a number of governments to facilitate intelligence sharing and the circulation of "lookout" lists. As terrorists are identified, we can begin to track them, especially as they attempt to cross international borders. Even the most democratic states can require detailed identification and conduct very thorough searches at border points. This is a terrorist vulnerability we are trying to exploit. For example, a Lebanese terrorist and principal suspect in the TWA 847 hijacking, Mohammed Hamadei, was arrested as he attempted to smuggle explosives into Germany in January.

Finally, we work with friendly governments to assure that once apprehended, terrorists are brought to justice through prosecution and punishment.

Over the past year, the role of the rule of law in combatting terrorism has expanded. It is this particular element of our policy that I would like to address today.

Terrorists are Criminals

Perhaps the most important development in the fight against terrorism in the past year has been the renewed determination on the part of the world's democracies to get tough with terrorists and to apply the rule of law to terrorism.

Time and again over the past months, terrorists have been arrested, brought to trial, and received long sentences for the crimes they have committed. In October, a British court sentenced Nizar Hindawi to 45 years in

jail for his attempt to blow up an El Al flight. In November, West Germany found Ahmad Hasi and Farouk Salamah guilty of bombing the German-Arab Friendship Society, which injured 9 people. They were sentenced to 14 and 13 years imprisonment, respectively. And just 2 months ago, French courts convicted Georges Ibrahim Abdallah, a leader of the Lebanese Armed Revolutionary Faction, to life imprisonment for his role in the assassinations of U.S. and Israeli diplomats.

For Western democracies, the firm hand of the law is the best defense against terrorism. Democratic nations must treat terrorists as criminals, for to do otherwise legitimizes terrorists not only in their own eyes but in the eyes of others.

Let me deal briefly with the problem of defining terrorism. There are as many definitions around as there are definers. Some people argue that no matter how heinous the crime, if the cause is justified, the act cannot be terrorism. This attitude, though, only serves to confound the fight against terrorism. As Brian Jenkins of the Rand Corporation puts it:

If cause is the criterion, only to the extent that everyone in the world can agree on the justice of a particular cause is there likely to be agreement that an action does or does not constitute terrorism.

Instead of focusing on the cause, therefore, our government focuses on the terrorist act itself, for it is the act which ultimately distinguishes the criminal. Our government believes that terrorist acts have certain characteristics. They are premeditated and politically motivated. They are conducted against noncombatant targets and usually have as their goal trying to intimidate or influence a government's policy. It is by their acts that terrorists indict themselves as criminals. All nations have criminal statutes to deal with criminals, and it only makes sense that all states should apply their existing statutes to terrorists.

Terrorist Threats to the Rule of Law

Terrorists despise democracy because democracy cherishes that which terrorists seek to destroy: the sanctity of the individual and the rule of law.

There are two main categories of terrorist threat to our legal systems.

First, there are indigenous, or domestic, terrorists who seek to provoke governments into extralegal excesses

and, hence, to undermine political support for democratically elected regimes. Precisely because the rule of law is so fundamental to safeguarding a free citizen's basic rights, terrorists frequently attack the rule of law in general and legal institutions specifically.

There are many cases of this kind of threat.

- In November 1985, guerrillas belonging to the M-19 movement seized the Palace of Justice in Bogota, Colombia, and held it for more than 27 hours. The targets of this attack were the judges who were rendering verdicts for extradition of drug traffickers. By the time the incident was over, 90 people were dead, including 12 Supreme Court judges.

- Last September, when jurors in France were threatened with terrorist retaliation and refused to show up at criminal hearings, a jury of magistrates had to be established in order that terrorist prosecutions would not be thwarted.

- In Spain, ETA [Basque Fatherland and Freedom] terrorists have attacked Spanish magistrates. And in Portugal, terrorists have made threats against jurors in the trial of Portuguese terrorists. In Italy, judges have been a favorite target of the Red Brigades.

The second major category of threat comes from transnational terrorists, those who travel from one country to another to commit terrorist acts. Often their objective is to coerce foreign governments into compromising their legal ethics.

The events surrounding the Abdallah arrest and trial in France are a good example of this phenomenon. Shortly after French security services imprisoned Abdallah in Paris, his colleagues initiated a bloody series of bombings in downtown Paris. Bombs exploded in crowded stores, at cafes, on the sidewalks during rush hour traffic. Many innocent people died or were wounded as a result. The intent was to force the French Government into releasing Abdallah, thereby thwarting French efforts to bring this terrorist to justice. Fortunately, the tactic did not work. It was a victory for the French legal system and the rule of law.

Today the German Government is facing a similar attempt at blackmail at the hands of other Middle East terrorists. In January, the Germans arrested the terrorist Hamadei, accused of being one of the hijackers of TWA 847 and the brutal murderer of U.S. Navy diver Robert Stethem. Shortly after his arrest in Germany, two Germans were snatched off

the streets of Beirut, apparently by associates of Hamadei. They are holding them hostage there, demanding the release of Hamadei. We have formally requested the Federal Republic of Germany to extradite Hamadei to the United States for trial on murder and hijacking charges. We hope the German legal system will prove as invulnerable to terrorist blackmail as France's was last fall.

We must preserve the integrity of our judiciaries in dealing with terrorism. We must treat terrorists as we would other criminals. We acknowledge that it may be difficult not to capitulate to terrorists' demands. But to give in only encourages additional terrorist acts—once terrorists see that they can get away with their crimes, they will commit more.

Strengthening Domestic Legislation Against Terrorism

In the face of rising terrorism over the past two decades, democratic nations have not stood still. The United States and our allies abroad have strengthened our legal systems to deal with terrorism, both through improved domestic procedures and through international agreements.

In the United States, we have strengthened statutes covering crimes most typically committed by terrorists. The anticrime bill of 1984 makes certain acts of overseas terrorism, such as hostage taking and aircraft sabotage committed anywhere in the world, crimes punishable in U.S. Federal courts. The Omnibus Diplomatic Security and Anti-Terrorism Act of 1986 provides the U.S. Government with several important legal tools for combatting terrorism.

- It provided U.S. jurisdiction over terrorist crimes committed against Americans overseas. This landmark provision gives us the legal right to prosecute in the United States terrorists who murder or violently attack Americans abroad.

- The act also established a counterterrorism witness protection fund, so that the United States may reimburse other governments for costs related to security for those who come forward to provide testimony or evidence in terrorist cases.

- It increased funding for the protection of our diplomats and embassies overseas from terrorist attack.

- The act further enhanced support for the State Department's rewards program, initially created in 1984, whereby

the Department offers substantial cash awards to anyone who provides information leading to the arrest and prosecution of terrorists. To date, we have established rewards totaling \$1.1 million for five major terrorist incidents.

Other countries have also strengthened their domestic judicial systems against terrorism. Almost all our allies have adopted laws which improve their ability to prosecute terrorists for crimes related to aircraft hijacking and sabotage, attacks on diplomats, hostage taking, and theft of nuclear materials. The French, in addition, recently passed a new set of laws that change the procedures for terrorist trials: such trials are now heard by professional magistrates to lessen the chance of intimidation of jurors. The new French laws also double the period of time a terrorist can be held for interrogation and provide expanded police powers to deal with terrorists.

Strengthening International Conventions on Terrorism

Improving the domestic legal framework for combatting terrorism is an important step in bringing the law to bear on this problem. Just as important are efforts to the international community to expand the international legal regime for combatting terrorism.

The United States and many of our allies are parties to a number of international conventions covering terrorist acts, including the Hague Convention on the unlawful seizure of aircraft, the Montreal Convention on civil aviation safety, the Convention Against the Taking of Hostages, the convention on crimes against internationally protected persons, and the convention on the protection of nuclear materials.

These conventions and the laws implementing them provide important legal authority to prosecute international terrorists. They form the basis of our charges pending against Mohammad Hamadei, and the Hague Convention obligates the Germans either to extradite or prosecute him.

There has been encouraging progress in specialized international organizations to combat terrorism. The International Maritime Organization (IMO) has undertaken a number of measures in the wake of the *Achille Lauro* hijacking and the murder of Leo Klinghoffer. In September 1986, the IMO adopted new security guidelines to prevent unlawful acts against

passengers and crews on board ships. In November, the IMO Council began consideration of a joint Austrian-Egyptian-Indian draft international convention to outlaw various acts like hijacking a ship and to obligate states to prosecute or extradite offenders.

In the air security area, the International Civil Aviation Organization (ICAO) is working on a Canadian proposal to expand the language of existing international conventions to include broader protection for airports. Furthermore, the ICAO meets regularly to consider improvements to its security regulations for aviation and airports.

In another legal arena, the United States is renegotiating our bilateral extradition treaties to strengthen our ability to seek the extradition of terrorists. Many of these existing treaties contain a so-called political exception clause which would protect terrorists and other criminals from extradition if the host government determines that the crime is of a political nature. We have been working hard to limit this clause by revising our extradition treaties. Our supplementary extradition treaty with Great Britain was ratified last year. We have since concluded agreements with many other nations and Belgium.

All of this work is beginning to pay off. Democratic nations are exercising the rule of law, and with encouraging frequency. For example:

- Early this year, a Canadian court sentenced to life imprisonment two Sikh terrorists who conspired to blow up a New York-to-London Air India flight in 1985.
- Last month in Italy, a Lebanese terrorist, Bashir al-Khodr, was sentenced to 13 years in prison following his arrest at a Milan airport for carrying explosives and detonators hidden in Easter eggs and picture frames.
- In March, the Japanese Supreme Court upheld the death penalty for two terrorists convicted in a 1971-75 series of bombings that killed eight and injured 100. The court also upheld earlier rulings that two others convicted in the bombings: one received life imprisonment and another an 8-year prison term.

More terrorists will be brought to justice in 1987, as important trials are scheduled to take place in Austria, Italy, West Germany, France, Japan, Greece, Italy, Pakistan, Spain, and Turkey. The recent steps taken by the world community to improve the legal framework to fight terrorism are having a measurable effect. Some previous efforts have bogged down in some of the

West Germany to Prosecute Terrorist

WHITE HOUSE STATEMENT,
JUNE 24, 1987¹

The Federal Republic of Germany has informed us that it will try Mohammed Hamadei on all charges associated with the TWA #847 case, including murder, hijacking, and hostage-taking, as well as crimes committed in Germany.

The Federal Republic of Germany has assured us that the prosecution on the charges brought against Hamadei will be speedy, vigorous, complete, and to the full extent of the law. We have been further assured that Hamadei's trial on all the charges will commence in an expeditious manner. We also have been assured by the Federal Republic of Germany that Hamadei will be dealt with to the full extent of the law. German law provides for a life sentence upon conviction for murder. We welcome these assurances.

While we have made clear our preferences for extradition, our objective has always been to bring Hamadei to justice in accordance with international law. An expeditious, vigorous, and complete prosecution in Germany of Hamadei with full punishment will satisfy our interest in justice for the victims of Hamadei's crimes while meeting the Federal Republic of Germany's international legal obligations.

The German decision to prosecute Hamadei to the full measure of its law shows the determination of the Federal Republic of Germany to resist terrorist blackmail and a willingness to shoulder the burden which this decision implies.

It is further evidence of the growing level of international cooperation to combat terrorism. We are confident that the rule of law will prevail in this case, as it has on numerous occasions in the past.

¹Text from Weekly Compilation of Presidential Documents of June 29, 1987. ■

near-metaphysical discussions which terrorism provokes. For example, I am not surprised that the 1972 UN document entitled "Measures To Prevent International Terrorism Which Endangers or Takes Innocent Human Lives or Jeopardizes Fundamental Freedoms, and Study of the Underlying Causes of Those Forms of Terrorism, and Acts of Violence Which Lie in Misery, Frustration, Grievances and Despair and Which Cause Some People to Sacrifice Human Lives, Including Their Own, in an Attempt To Effect Radical Changes" seemed to have little effect in stemming the rise of terrorism.

Are Terrorists Warriors?

So the rule of law, which treats terrorist acts as criminal acts and terrorists as criminals, is beginning to work. But precisely because they fear the rule of law, terrorists have often tried to slip away from being called criminals by claiming to be warriors instead. Terrorists, and often their sympathizers, invoke the banal phrase that "terrorism is the poor man's war." By this argument, terrorists are presented as merely soldiers, forced by circumstances into an unconventional mode of conventional

war but, nonetheless, entitled to the same privileges extended to "lawful combatants."

But even the internationally accepted rules of war provide no hiding place for terrorists. The Geneva conventions on rules of war outlaw nearly every act of terrorism. For example:

- The rules of war define combatants and grant civilians who do not take a part in hostilities immunity from deliberate attack. A terrorist who attacks innocent civilians at an airport clearly violates this rule.
- The rules of war prohibit taking hostages. Terrorists in Lebanon holding Americans and others hostage clearly violate this rule of war.
- The rules of war prohibit violence against those held captive. Freed American hostages have told of repeated beatings by their captors.
- The rules of war require combatants to wear uniforms or insignia identifying their status. Terrorists identify themselves only after they have committed their crimes and, in fact, almost always conceal their true identities during their criminal acts.

Do terrorists adhere to the rules of war? Consider their actions during the attempted hijacking of a Pan American plane in Karachi last fall. The terrorists stormed the airplane full of civilians. They killed two of them at the outset in cold blood. They held the rest hostage. They beat some passengers. At the end of the incident, the terrorists tried to conceal their identity and escape by mixing in with their victims. In short, this incident, typical of other terrorist incidents, shows that terrorists do not act like warriors; they behave like criminals.

In the chaos of war, soldiers may violate laws. Our own forces have been guilty of crimes, and we have punished them for it. The key point is that there are legal norms applicable even in war. So even if we were to dignify terrorists with the term "warriors," it would not excuse in any way their criminal acts. Indeed, one possible definition of a terrorist act is an act committed in peacetime which, if committed in wartime, would be considered a violation of the rules of war.

Using the Law Against States Supporting Terrorism

One of the more dangerous developments in terrorism in the past few years has been the emergence of state support. Several states—notably Libya, Syria, and Iran—have funded, trained, and provided logistical support for terrorists to further their foreign policy goals. This kind of support greatly complicates the job of fighting terrorism. States can provide easy money, weapons, and explosives to terrorists. We have found that some states have used their embassies, diplomats, and official airlines to pass money, weapons, instructions, maps, and official passports to terrorists.

When the United States has identified a particular state engaged in supporting terrorism, we have tried to impose a series of measures to make the leaders of that country realize that their support for terrorism carries a high cost.

Take the case of Libya. We decided years ago that Colonel Qadhafi was engaged in supporting terrorists. We suspended diplomatic relations. We imposed economic sanctions by reducing the amount of oil and other products that we imported from that country. Ultimately, after years of economic and political sanctions and in the face of clear evidence of Libyan involvement in terrorist acts, we had to resort to military action. Many people, including some of our allies, questioned the legality of our

action. But the law amply justified our action.

Under customary international law, a state is responsible for acts of force, whether they are carried out by the state's own armed forces or other agents. That state is also responsible if the act of force is conducted from its own territory by terrorists or others whose activities the host state should have prevented. In other words, every state has a duty to every other state to take appropriate steps to ensure that its territory is not used for such purposes.

But if a state like Libya does not exercise this fundamental international obligation, then the state which has been injured has the right to use a reasonable and proportionate amount of force in times of peace to eliminate the breach. This right is established by Article 51 of the UN Charter, which states:

Nothing in the present Charter shall impair the inherent right of individual or collective self-defense if an armed attack occurs against a Member of the United Nations, until the Security Council has taken measures necessary to maintain international peace and security.

When a state like Libya trains or assists terrorists, allows them to use its territory, or fails to prevent them from

operating against other states from its territory, then the state is liable to the states that have been attacked.

Conclusion

Today I've given you an outline of how we should look at the problem of terrorism, its threat to our legal system, and how we are trying to deal with that threat. We are beginning to see a shift on the part of the world's democracies: we are witnessing a shift from the "year of the terrorist" to the "year of the terrorist trials." The rule of law is beginning to take hold.

And that is the point I would like to leave you with. We must treat terrorists as criminals. To do otherwise is to afford them a political exception they do not deserve. Even in the face of direct attacks against our legal systems, we must persevere, as the French have recently done and as we hope the Germans will soon do.

Most importantly, though, we must continue to use the law. We must continue arresting terrorists, prosecuting them, and punishing them. President Reagan has warned terrorists: "You can run, but you can't hide." We have the legal authority to back up his warning, and we must make good on it. ■

President Meets With Costa Rican President

WHITE HOUSE STATEMENT,
JUNE 17, 1987¹

President Reagan said in a meeting with Costa Rican President Oscar Arias today that the United States and Costa Rica share the same objective in Nicaragua—free, competitive, and regularly scheduled elections allowing the Nicaraguan people to elect their own leaders. The President said that the United States welcomes the initiative introduced by President Arias last February but noted that there remain concerns about specific parts of the plan. The greatest concern is the need for the Sandinistas to act on genuine democratization before pressure on the regime is removed in any way. The President said he hoped that the Central American democracies

will work together in the weeks ahead to strengthen the democratic aspects of the Arias plan. He said that the focus of the initiative on democracy in Nicaragua is the key to peace in Central America.

The President said that the United States will continue to apply pressure on the Sandinista regime to democratize, and his Administration remains fully committed to obtaining renewed funding from the Congress for the Nicaraguan democratic resistance.

The President met with Costa Rican President Oscar Arias for approximately 1 hour.

¹Text from Weekly Compilation of Presidential Documents of June 22, 1987. ■

Visit of Guatemalan President



(White House photo by Pete Souza)

President Vinicio Cerezo Arevalo of the Republic of Guatemala made an official working visit to Washington, D.C., May 12-15, 1987, to meet with President Reagan and other government officials.

Following are remarks made by President Reagan and President Cerezo after their meeting on May 13.¹

President Reagan

President Cerezo, it's been a pleasure to welcome you and to get to know you as a respected democratic leader and as a man of strong conviction. The last time a president of Guatemala visited Washington was in July of 1882. And I don't think we should wait another century before the next meeting. As neighbors, our freedom and security depend on our friendship and cooperation. We owe it to our peoples to remain close and stand shoulder to shoulder in defense of human liberty.

As Guatemala's first freely elected civilian President in two decades, you face the challenge of building and protecting democracy while ensuring the economic well-being of your people. Your courage and tenacity are well respected here. You have begun a difficult process of economic reform and have taken effective measures to reduce violence and protect human rights. You have supported national reconciliation to heal the wounds of years of political violence. Underscoring your success, Guatemalans of all backgrounds and occupations have allied to join your democratic crusade.

The United States supports your goals of a strong, economically-viable, democratic Guatemala.

And we're also pleased that you joined with the other democratically elected Presidents of Central America to bring democracy and peace to the region and security to your respective countries. The United States is ready to cooperate with you and other democratic leaders in any process that brings democracy to Nicaragua, which is the key to peace in Central America. Democracy, if it is to have a chance in your region, must not be threatened by a dictatorship bent on expansion and supported and maintained by the enemies of freedom. The United States stands with you and others who seek freedom and would live at peace with your neighbors.

As I bid you farewell, I want to congratulate you once again on your achievements. It's been an honor to have you as our guest. And I look forward to cooperation continued between our two nations in the years ahead.

President Cerezo²

I have to tell that I came to the United States to inform how the Guatemalan people are working now to build democracy in that country. We are working in a process. It's a process [built] by the Guatemalan people after a long term, a long period of violence and confrontation. We are tired to see our people killed. We are looking for the peace in our country and in the region.

And we came here to discuss how we can contribute with the United States and other countries in our region to build the real peace and the real democracy in our countries. We really believe that democracy, solidarity, and respect of the other countries is the only way to build the peace in our region and in the world.

Please, all the Americans, feel in Guatemala a country, friend of the United States, a country who respects the United States, who want[s] to be respected by the United States. Thank you very much for [receiving] us.

And I have to let you know that our proposal in our country and in the region is to work for democracy and for peace in agreement with everybody and especially with your country.

¹Text from Weekly Compilation of Presidential Documents of May 18, 1987.

²President Cerezo first spoke in Spanish and then repeated his remarks in English. ■

Current Actions

MULTILATERAL

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 April 10, 1972. Entered into force Mar. 26, 1975. TIAS 8062.

Ratification deposited: Korea, Rep. of, June 25, 1987.

Commodities—Common Fund

Agreement establishing the Common Fund for Commodities, with schedules. Done at Geneva June 27, 1980.¹

Ratifications deposited: Korea, Dem. People's Rep., June 5, 1987; Morocco, May 29, 1987.

Finance—IFAD

Amendment to the agreement establishing the International Fund for Agricultural Development of June 13, 1976. Done at Rome Dec. 11, 1986.

Entered into force: Mar. 11, 1987.

Fisheries

Treaty on fisheries, with annexes and agreed statement. Done at Port Moresby Apr. 2, 1987. Enters into force upon receipt of instruments of ratification by the U.S. and ten Pacific island states, including the Federated States of Micronesia, the Republic of Kiribati, and Papua New Guinea. [Senate] Treaty Doc. 100-5.

Signatures: Australia, Cook Islands, Fed. States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, New Zealand, Papua New Guinea, Solomon Islands, Tuvalu, U.S., Western Samoa, Apr. 2, 1987.

Ratification deposited: Australia, May 18, 1987.

Judicial Procedure

Convention abolishing the requirement of legalization for foreign public documents, with annex. Done at The Hague Oct. 5, 1961. Entered into force Jan. 24, 1965; for the U.S. Oct. 15, 1981. TIAS 10072.

Accession deposited: Argentina, May 8, 1987.²

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: Argentina, May 8, 1987.^{2,3}

Ratification deposited: Spain, May 22, 1987.^{2,3}

Convention on the civil aspects of international child abduction. Done at The Hague Oct. 25, 1980. Entered into force Dec. 1, 1983.⁴

Signature: Austria, May 12, 1987.

Marine Pollution

International convention relating to intervention on the high seas in cases of oil pollution casualties, with annex. Done at Brussels Nov. 29, 1969. Entered into force May 6, 1975. TIAS 8068.

Accession deposited: Argentina, Apr. 21, 1987.³

Narcotic Drugs

Protocol amending the single convention on narcotic drugs, 1961. Done at Geneva Mar. 25, 1972. Entered into force Aug. 8, 1975. TIAS 8118.

Accession deposited: Netherlands, May 29, 1987.

Pollution

Convention for the protection of the ozone layer, with annexes. Done at Vienna Mar. 22, 1985.¹

Ratification deposited: New Zealand, June 2, 1987.⁵

Protocol to the convention on long-range transboundary air pollution of Nov. 13, 1979 (TIAS 10541) concerning monitoring and evaluation of the long-range transmission of air pollutants in Europe (EMEP), with annex. Done at Geneva Sept. 28, 1984.¹

Accession deposited: Austria, June 4, 1987.

Seabed Disarmament

Treaty on the prohibition of the emplacement of nuclear weapons and other weapons of mass destruction on the seabed and the ocean floor and in the subsoil thereof. Done at Washington, London, and Moscow Feb. 11, 1971. Entered into force May 18, 1972. TIAS 7337.

Ratification deposited: Korea, Rep. of, June 25, 1987.

Terrorism

Convention on the prevention and punishment of crimes against internationally protected persons, including diplomatic agents. Adopted at New York Dec. 14, 1973. Entered into force Feb. 20, 1977. TIAS 8532.

Accession: Japan, June 8, 1987.

International convention against the taking of hostages. Adopted at New York Dec. 17, 1979. Entered into force June 3, 1983; for the U.S., Jan. 6, 1985.

Accessions deposited: Ukrainian S.S.R.,

June 19, 1987; U.S.S.R., June 11, 1987.

Ratifications deposited: Greece, June 18, 1987; Japan, June 8, 1987.

Timber

International tropical timber agreement, 1983, with annexes. Done at Geneva Nov 18, 1983. Entered into force provisionally Apr. 1, 1985; for the U.S. Apr. 26, 1985.

Acceptance deposited: Netherlands, May 29, 1987.

Trade

Protocol for the accession of Morocco to the general agreement on tariffs and trade. Done at Geneva Feb. 19, 1987. Entered into force June 17, 1987.

Acceptances deposited: Australia, Cameroon, Egypt, Kenya, Morocco, Peru, Senegal, Sweden, Switzerland, U.S., May 18, 1987; Ivory Coast, May 27, 1987; Norway, May 29, 1987.

Trade Textiles

Protocol extending arrangement of Dec. 20, 1973 regarding international trade in textiles (TIAS 7840). Done at Geneva July 31, 1986. Entered into force Aug. 1, 1986.

Acceptances deposited: Argentina, May 5, 1987; Bangladesh, Jan. 5, 1987; China, Apr. 30, 1987;² Czechoslovakia, Jan. 12, 1987; Egypt, Apr. 10, 1987; Philippines, Dec. 29, 1986; Romania, Apr. 16, 1987.

Acceptances subject to approval/ratification: Austria, Apr. 14, 1987; Brazil, Sept. 30, 1986; Switzerland, Jan. 22, 1987; Turkey Nov. 19, 1986; Yugoslavia, Feb. 23, 1987.

Treaties

Vienna Convention on the law of treaties, with annex. Done at Vienna May 23, 1969. Entered into force Jan. 27, 1980.⁴

Accession deposited: Hungary, June 19, 1987.

Vienna convention on the law of treaties between states and international organizations or between international organizations, with annex. Done at Vienna Mar. 21, 1986.¹

Signatures: Argentina, Jan. 30, 1987; Austria, Mar. 21, 1986; Belgium, June 9, 1987; Brazil, Burkina Faso, Egypt, Mar. 21, 1986; Germany, Fed. Rep., Apr. 27, 1987; Greece, July 15, 1986; Italy, Dec. 17, 1986; Ivory Coast, Mar. 21, 1986; Japan, Apr. 24, 1987; Mexico, Morocco, Mar. 21, 1986; Netherlands, June 12, 1987; Senegal, July 9, 1986;² Sudan, Mar. 21, 1986; U.K., Feb. 24, 1987; U.S., June 26, 1987; Yugoslavia, Zaire, Zambia, Mar. 21, 1986.

International Organizations: Council of Europe, May 11, 1987; International Labor Organization, Mar. 31, 1987; United Nations, Feb. 12, 1987; World Health Organization, Apr. 30, 1987.

Weapons

Convention on prohibitions or restrictions on the use of certain conventional weapons which may be deemed to be excessively injurious or to have indiscriminate effects, with protocols. Adopted at Geneva Oct. 10, 1980. Entered into force Dec. 2, 1983.⁴

Accessions deposited: Netherlands, June 18, 1987; Tunisia, May 15, 1987.

Wheat

Wheat trade convention, 1986. Done at London Mar. 14, 1986. Entered into force July 1, 1986.⁶ [Senate] Treaty Doc. 100-1.

Accession deposited: Bolivia, June 1, 1987; Iraq, July 17, 1987; Korea, Rep., June 22, 1987.

BILATERAL**Australia**

Memorandum of arrangement relating to the provision of NOMAD aircraft and related services, with attachment. Signed at

Washington Apr. 2, 1987. Entered into force Apr. 2, 1987.

Costa Rica

Agreement for the sales of agricultural commodities. Signed at San Jose Jan. 14, 1987. Entered into force Apr. 29, 1987.

Cyprus

Agreement regarding mutual assistance between customs services. Signed at Washington June 2, 1987. Enters into force on the thirtieth day after the parties notify one another that all necessary national and legal requirements for entry into force have been fulfilled.

Egypt

Agreement on health cooperation. Signed at Geneva May 6, 1986. Entered into force May 6, 1986.

El Salvador

Agreement for the sale of agricultural commodities. Signed at San Salvador May 22, 1987. Enters into force on a date to be determined in an exchange of diplomatic notes indicating that the internal procedures of both countries have been completed.

Germany, Democratic Republic of

Agreement for a program of academic exchanges. Effected by exchange of notes at Berlin Apr. 14, 1987. Entered into force Apr. 14, 1987.

Grenada

Agreement modifying the agreement of Feb. 11, 1946, as amended, between the U.S. and U.K. relating to air services (TIAS 1507 6019). Effected by exchange of notes at St. George's Mar. 19 and May 11, 1987. Enters into force May 11, 1987.

Guatemala

Agreement for sales of agricultural commodities. Signed at Guatemala May 26, 1987. Enters into force following exchange of note confirming that internal procedures of the importing country have been met.

Guinea

Agreement relating to and amending the agreement of Jan. 3, 1986 for sales of agricultural commodities. Signed at Conakry May 18, 1987. Entered into force May 18, 1987.

Ivory Coast

International express mail agreement, with detailed regulations. Signed at Abidjan and Washington May 5 and 27, 1987. Entered into force June 15, 1987.

Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed by, or insured by the U.S. Government and its agencies, with annexes. Signed at Abidjan Mar. 31, 1987. Entered into force May 21, 1987.

Jamaica

Agreement concerning the disposition of commodities and services furnished in connection

ith peacekeeping operations for Grenada. ffect by exchange of notes at Kingston eb. 2 and Apr. 21, 1987. Entered into force pr. 21, 1987.

apan
emorandum of understanding relating to e protocol of Apr. 25, 1978 amending the ternational convention for the high seas heries of the North Pacific Ocean, as ended (TIAS 9242), with related letters. gned at Washington June 8, 1987. Entered to force June 8, 1987.

reement concerning special measures lating to article XXIV of the agreement nder article VI of the treaty of mutual operation and security regarding facilities d areas and the status of U.S. forces in pan, with agreed minutes (TIAS 4510). gned at Tokyo Jan. 30, 1987. tered into force: June 1, 1987.

orea
emorandum of understanding for coopera- n in science and technology. Signed at ashington Apr. 30, 1987. Entered into force ay 24, 1987.

rwait
emorandum of agreement for technical operation in health. Signed at Geneva ay 7, 1986. Entered into force May 7, 1986.

adagascar
reement regarding the consolidation and scheduling of certain debts owed to, aranteed by, or insured by the U.S. overnment and its agencies, with annexes. gned at Antananarivo May 7, 1987. tered into force June 15, 1987.

exico
reement amending the agreement of ar. 29, 1983 (TIAS 10675) relating to addi- nal cooperative arrangements to curb the gical traffic in narcotics. Effected by change of letters at Mexico Mar. 16 and r. 14, 1987. Entered into force Apr. 14, 87.

reement relating to the AM broadcasting rvice in the medium frequency band, with nexes. Signed at Mexico Aug. 28, 1986. tered into force: April 27, 1987.

etherlands
reement relating to the employment of pendents of official government employees. ffect by exchange of notes at The Hague ne 23, 1986. tered into force: May 13, 1987.

iger
ternational express mail agreement, with tailed regulations. Signed at Niamey and ashington May 6 and 29, 1987. Entered into rce June 15, 1987.

orway
reement concerning cooperation in the ld of fossil energy research and develop- ent. Signed at Washington and Oslo Mar.) and Apr. 22, 1987. Entered into force pr. 22, 1987.

Oman
Agreement amending and extending the agreement of Dec. 14, 1979 and May 18, 1980, relating to the provision of technical assistance and services to the Directorate General of Civil Aviation of Oman (TIAS 9824), with attachment. Signed at Muscat Sept. 23, 1986. Entered into force Sept. 23, 1986.

Pakistan
Agreement concerning trade in textiles and textile products, with annexes and exchange of letters. Effected by exchange of notes at Washington May 20 and June 11, 1987. Entered into force June 11, 1987.

Peru
Memorandum of understanding on maritime trade. Signed at Washington May 1, 1987. Entered into force May 1, 1987.

Philippines
Agreement continuing the operations of the U.S. Veterans Administration in the Philip- pines. Signed at Manila May 19, 1987. Entered into force May 19, 1987; effective Oct. 1, 1986.

Grant agreement for the budget support pro- gram II. Signed at Manila May 28, 1987. Entered into force May 28, 1987.

Portugal
Memorandum of understanding for a cooperative program in earth science studies. Signed at Reston and Lisbon Apr. 28 and May 18, 1987. Entered into force May 18, 1987.

Singapore
Agreement regarding the establishment of copyright relations, with enclosures. Effected by exchange of letters at Washington Apr. 16 and 27, 1987. Entered into force Apr. 27, 1987; effective May 18, 1987.

South Pacific Forum Fisheries Agency
Agreement concerning the economic develop- ment of the South Pacific region. Signed at Port Moresby Apr. 2, 1987. Enters into force on entry into force of the treaty on fisheries between certain Pacific island states and the U.S.

Sri Lanka
Agreement amending the agreement of Nov. 13, 1986, for sales of agricultural com- modities. Effected by exchange of notes at Colombo Apr. 28, 1987. Entered into force Apr. 28, 1987.

United Kingdom
Agreement concerning the British Virgin Islands and narcotics activities, with annex and forms. Effected by exchange of letters at London Apr. 14, 1987. Enters into force on the date the U.K. notifies the U.S. that implementing legislation of the British Virgin Islands has come into effect.

Agreement concerning Montserrat and nar- cotics activities, with annex and forms. Effected by exchange of letters at London

May 14, 1987. Entered into force June 1, 1987.

Agreement extending the agreement of July 26, 1984, as extended, concerning the Cayman Islands and narcotics activities. Effected by exchange of notes at Washington May 29, 1987. Entered into force May 29, 1987.

Yemen
Agreement for sales of agricultural com- modities. Signed at Sanaa May 6, 1987. Entered into force May 6, 1987.

Agreement concerning the provision of train- ing related to defense articles under the U.S. International Military Education and Training (IMET) Program. Effected by exchange of notes at Sanaa Sept. 9, 1986 and May 19, 1987. Entered into force May 19, 1987.

¹Not in force.

²With declaration(s).

³With reservation(s).

⁴Not in force for the U.S.

⁵Extended to Cook Islands and Niue.

⁶In force provisionally for the U.S. ■

Department of State

Press releases may be obtained from the Office of Press Relations, Department of State, Washington, D.C. 20520.

No.	Date	Subject
*120	6/2	Shultz: remarks and question-and-answer session at reception for Caribbean/Central American Action, June 1.
*121	6/2	Shultz: remarks at reception for the Atlantic Council, June 1.
*122	6/2	Shultz: interview on "Worldnet."
123	6/3	Shultz: news briefing, June 2.
*124	6/9	Shultz: interview on NBC-TV's "Today Show," Venice.
125	6/11	Shultz: news briefing, Venice, June 9.
*126	6/10	Shultz: interview on ABC-TV's "Good Morning America," Venice.
*127	6/10	Shultz: interview on ABC-TV's "World News Tonight," Venice, June 9
*128	6/11	Shultz: interview on Cable News Network, Venice, June 10.
*129	6/12	Whitehead: remarks and question-and-answer session before Young Political Leaders Conference, June 11.
130	6/16	Shultz: news conference following North Atlantic Council meeting, Reykjavik, June 12.

PUBLICATIONS

131	6/16	Shultz: arrival remarks, Manila, June 13.	*138	6/22	Armacost, Aspin: interview on CBS-TV's "Face the Nation," June 21.	*145	6/24	Shultz: dinner toast, Sydney June 21.
*132	6/17	Program for the official working visit of President Hissen Habre of Chad, June 18-23.	*139	6/22	Shultz: remarks at reception, Manila, June 16.	146	6/24	Shultz: statement at U.S.-Australian bilateral talks, Sydney, June 22.
133	6/17	Shultz: remarks at signing ceremony for an economic assistance package, Manila, June 16.	*140	6/16	Shultz: luncheon toast, Manila.	*147	6/25	Shultz, Weinberger, Hayden Beazley: news conference, Sydney, June 22.
134	6/18	Shultz: news conference, Manila, June 16.	141	6/22	Shultz: remarks at ASEAN post-ministerial conference, Singapore, June 18.	148	6/29	Shultz: interview on NBC-TV's "Meet the Press," June 28.
*135	6/19	Shultz: arrival statement, Singapore, June 17.	142	6/22	Shultz: statement at ASEAN dialogue with the U.S., Singapore, June 19.	*149	6/30	Rozanne L. Ridgway sworn in as Assistant Secretary for European and Canadian Affairs, July 19, 1987 (biographic data).
*136	6/22	American drug arrests abroad.	143	6/22	Shultz: news conference, Singapore, June 19.			
*137	6/22	Robert M. Smalley sworn in as Ambassador to Lesotho (biographic data).	*144	6/23	Shultz, Weinberger, Hawke, Hayden: news briefing, Sydney, June 21.			*Not printed in the BULLETIN. ■

Department of State

Free single copies of the following Department of State publications are available from the Correspondence Management Division, Bureau of Public Affairs, Department of State, Washington, D.C. 20520.

President Reagan

The Legacy of the Marshall Plan, signing ceremony declaring George C. Marshall month, June 1, 1987 (Current Policy #969).
Berlin: A Message of Hope, Brandenburg Gate, Berlin, June 12, 1987 (Current Policy #977).

Vice President Bush

NATO: The Best Investment in Peace, University of New Hampshire commencement, Durham, May 23, 1987 (Current Policy #970).

Secretary Shultz

40th Anniversary of the Marshall Plan, State Department, May 26, 1987 (Current Policy #964).

ASEAN: A Model for Regional Cooperation, Wilson Center seminar, May 27, 1987 (Current Policy #966).

Narcotics: A Global Threat, INM bureau narcotics coordinators conference, May 4, 1987 (Current Policy #967).

Africa

The U.S. and Southern Africa: A Current Appraisal, Under Secretary Armacost, Council on World Affairs, Cleveland, June 15, 1987 (Current Policy #979).

Mozambique: Charting a New Course, June 1987 (Current Policy #980).

Arms Control

Principles and Initiatives in U.S. Arms Control Policy, Ambassador Rowny, UN Department for Disarmament Affairs meeting of experts, Dagomys, U.S.S.R., June 9, 1987 (Current Policy #975).

Nuclear Risk Reduction Centers (GIST, June 1987).

U.S. Arms Control Initiatives: An Update, June 1987 (Special Report #165).

East Asia

U.S. Policy Priorities for Relations With China, Assistant Secretary Sigur, Brookings Institution forum on the outlook for U.S.-China trade and economic relations, Apr. 22, 1987 (Current Policy #948).

East Asia and the Pacific: An Era of Opportunity, Assistant Secretary Sigur, Conference on Peace, Security, and Economic Cooperation in Asia and the Pacific, Tokyo, May 28, 1987 (Current Policy #971).

The U.S., Japan, and Asian Pacific Security in Perspective, Under Secretary Armacost, 1987 Mansfield Conference, Missoula, Montana, May 29, 1987 (Current Policy #974).

Economics

Competitiveness in America: Is Protectionism the Answer?, Assistant Secretary McMinn, National Association of Manufacturers' Congress of American Industry, May 27, 1987 (Current Policy #968).

Protectionism (GIST, June 1987).

The World Bank (GIST, June 1987).

Europe

Council of Europe (GIST, June 1987).

General

U.S. National Interest and the Budget Crisis, Under Secretary Armacost, Rotary Club and Committee on Foreign Relations, Louisville, May 7, 1987 (Current Policy #972).

Human Rights

Human Rights in Cuba, Ambassador Walters, UN Commission on Human Rights, Geneva, Mar. 5, 1987 (Current Policy #954).

The Human Rights Issue in Korea, Assistant Secretary Schifter, Subcommittee on Asian and Pacific Affairs and on Human Rights and International Organizations, House Foreign Affairs Committee, May 6, 1987 (Current Policy #961).

Human Rights and U.S. Foreign Policy, Assistant Secretary Schifter, Institute for International Affairs, Stockholm, May 18, 1987 (Current Policy #962).

U.S. Human Rights Policy: Origins and Implementation, senior policy adviser Lister, Matias Romero Institute (Foreign Service Institute of Mexico), Mexico City, May 26, 1987 (Current Policy #973).

Middle East

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Nuclear Policy

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South Asia

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Terrorism

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United Nations

World Health Organization (GIST, June 1987). ■

August 1987

Volume 87, No. 2125

Africa. The U.S. and Southern Africa: A Current Appraisal (Armacost)	47	Guatemala. Visit of Guatemalan President (Cerezo, Reagan)	87	Philippines. Secretary's Visit to Asia and the Pacific (Shultz)	29
Arms Control		Human Rights		Presidential Documents	
Germany's Decision on Proposed INF Reductions (Reagan)	50	The Human Rights Issue in Korea (Schifter)	77	Arms Sale to Saudi Arabia	80
News Briefing of June 2 (Shultz)	40	Human Rights and U.S. Foreign Policy (Schifter)	75	40th Anniversary of the Marshall Plan (Reagan, Shultz)	67
ATO: The Best Investment in Peace (Bush)	27	U.S. Human Rights Policy: Origins and Implementation (Lister)	73	40th Anniversary of the Truman Doctrine	72
Secretary's Interview on "Meet the Press"	37	The U.S. and Southern Africa: A Current Appraisal (Armacost)	47	Persian Gulf	81
Australia. Secretary's Visit to Asia and the Pacific (Shultz)	29	Hungary. Trade With Romania, Hungary, and China (White House statement)	57	President's Visit to Vatican City and West Germany	22
Austria. Visit of Austrian Chancellor (Reagan)	64	Industrialized Democracies		U.S.-Japan Semiconductor Trade	55
Business. U.S. Business and the World Economy (Shultz)	43	40th Anniversary of the Marshall Plan (Reagan, Shultz)	67	Venice Economic Summit (Reagan, Shultz, statements, declaration)	1
Bhodia. Secretary's Visit to Asia and the Pacific (Shultz)	29	International Law. Terrorism and the Rule of Law (Bremer)	83	Visit of Austrian Chancellor	64
China. Trade With Romania, Hungary, and China (White House statement)	57	Japan		Visit of Guatemalan President (Cerezo, Reagan)	87
Congress		Japan—A Profile	53	Publications. Department of State	90
The Human Rights Issue in Korea (Schifter)	77	The U.S., Japan, and Asian Pacific Security in Perspective (Armacost)	51	Romania. Trade With Romania, Hungary, and China (White House statement)	57
Recent Developments in Europe (Ridgway)	65	U.S.-Japan Semiconductor Trade (Reagan)	55	Saudi Arabia. Arms Sale to Saudi Arabia (Reagan)	80
S. Policy in the Persian Gulf and Kuwaiti Reflagging (Armacost)	78	Korea		Security Assistance. Arms Sale to Saudi Arabia (Reagan)	80
Costa Rica. President Meets With Costa Rican President (White House statement)	86	The Human Rights Issue in Korea (Schifter)	77	Singapore. Secretary's Visit to Asia and the Pacific (Shultz)	29
Department & Foreign Service.		Secretary's Interview on "Meet the Press"	37	Terrorism	
Human Rights and U.S. Foreign Policy (Schifter)	75	Secretary's Visit to Asia and the Pacific (Shultz)	29	News Briefing of June 2 (Shultz)	40
Economics		Kuwait. U.S. Policy in the Persian Gulf and Kuwaiti Reflagging (Armacost)	78	Terrorism and the Rule of Law (Bremer)	83
Competitiveness in America: Is Protectionism the Answer? (McMinn)	56	Middle East		West Germany to Prosecute Terrorist (White House statement)	85
40th Anniversary of the Marshall Plan (Reagan, Shultz)	67	40th Anniversary of the Marshall Plan (Reagan, Shultz)	67	Trade	
News Briefing of June 2 (Shultz)	40	News Briefing of June 2 (Shultz)	40	Competitiveness in America: Is Protectionism the Answer? (McMinn)	56
S. Business and the World Economy (Shultz)	43	North Atlantic Council Meets in Iceland (Shultz, final communique)	59	Trade With Romania, Hungary, and China (White House statement)	57
The U.S., Japan, and Asian Pacific Security in Perspective (Armacost)	51	Persian Gulf (Reagan)	81	U.S. Business and the World Economy (Shultz)	43
Venice Economic Summit (Reagan, Shultz, statements, declaration)	1	Secretary's Interview on "Meet the Press"	37	U.S.-Japan Semiconductor Trade (Reagan)	55
Europe		Terrorism and the Rule of Law (Bremer)	83	Treaties. Current Actions	87
40th Anniversary of the Marshall Plan (Reagan, Shultz)	67	U.S. Policy in the Persian Gulf and Kuwaiti Reflagging (Armacost)	78	Turkey. 40th Anniversary of the Truman Doctrine (Reagan)	72
Recent Developments in Europe (Ridgway)	65	Military Affairs. SDI Report to Congress (White House statement)	82	Vatican City. President's Visit to Vatican City and West Germany	22
Foreign Assistance. The U.S. and Southern Africa: A Current Appraisal (Armacost)	47	Narcotics. Narcotics: A Global Threat (Shultz)	45	Vietnam. Secretary's Visit to Asia and the Pacific (Shultz)	29
Germany		North Atlantic Treaty Organization		Western Hemisphere. U.S. Business and the World Economy (Shultz)	43
Germany's Decision on Proposed INF Reductions (Reagan)	50	Germany's Decision on Proposed INF Reductions (Reagan)	50		
President's Visit to Vatican City and West Germany	22	NATO: The Best Investment in Peace (Bush)	27		
West Germany to Prosecute Terrorist (White House statement)	85	NATO Defense Planning Committee Meets in Brussels (final communique)	63		
Peace. 40th Anniversary of the Truman Doctrine (Reagan)	72	North Atlantic Council Meets in Iceland (Shultz, final communique)	59		

Name Index

Armacost, Michael H.	47, 51, 78
Bremer, L. Paul, III	83
Bush, Vice President	27
Cerezo Arevalo, Vinicio	87
Lister, George	73
McMinn, Douglas W	56
Reagan, President	1, 22, 50, 55, 64, 67, 72, 80, 81, 87
Ridgway, Rozanne L	65
Schifter, Richard	75, 77
Shultz, Secretary	1, 29, 37, 40, 43, 45, 59, 67

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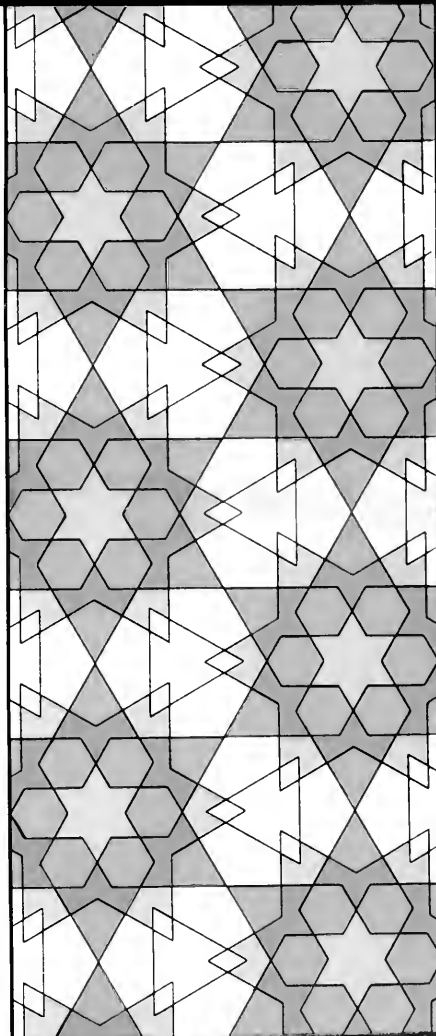
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September 1987

Morocco/1
Mozambique/19
Korea/32
Nepal/63
Cuba/85



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CONTENTS

FEATURE

- 1 Long-Time Friends: Early U.S.-Moroccan Relations, 1777-78 (*Sherrill Brown Wells*)

The Secretary

- 16 Peace, Friendship, and U.S. Canada Relations
18 Resolving the POW/MIA Issue

Africa

- 19 U.S. Policy Toward Mozambique (*Chester A. Crocker*)
23 Visit of Chad President (*Hussein Habre, President Reagan*)

Arms Control

- 24 Negotiations on Intermediate-Range Nuclear Forces
27 Verification in an Age of Mobile Missiles (*Kenneth L. Adelman*)

Department

- 31 President Meets With Foreign Intelligence Advisory Board (*White House Statement*)

East Asia

- 32 Korea: New Beginnings (*Gaston J. Sigur, Jr.*)

Economics

- 33 International Agricultural Trade Reform (*President Reagan*)

Environment

- 34 U.S. Role in Wildlife Conservation (*John D. Negroponte*)

Europe

- 36 U.S.-Soviet Relations: Testing Gorbachev's "New Thinking" (*Michael H. Armacost*)
38 Baltic Freedom Day, 1987 (*Proclamation*)
41 Visit of Prime Minister Thatcher (*President Reagan, Margaret Thatcher*)
42 32d Report on Cyprus (*Message to the Congress*)

General

- 43 U.S. National Interest and the Budget Crisis (*Michael H. Armacost*)

Middle East

- 45 Middle East Activities (*Richard W. Murphy*)
46 U.S. Policy in the Persian Gulf (*White House Statement*)
47 Food Aid to Lebanon (*Department Statement*)

Nuclear Policy

- 48 Problems of Assurance of Nuclear Supplies (*Fred McGoldrick*)

Pacific

- 52 South Pacific Nuclear Free Zone (*J. Stapleton Roy, Soviet Statement*)

Refugees

- 54 Perspectives on U.S. Refugee Programs (*Jonathan Moore*)

Science & Technology

- 58 Science and Technology Exchanges With the Soviet Union (*John D. Negroponte*)
61 Report on Scientific and Technological Activities (*Message to the Congress*)

South Asia

- 63 Chronology of Relations Between the United States and Nepal, 1947-87 (*Erin M. Duncan*)
67 Exchange of Letters on the 40th Anniversary of U.S.-Nepal Relations (*Birendra Bir Bikram Shah Dev, President Reagan*)
68 Kingdom of Nepal

Terrorism

- 72 Terrorism and the Media (*L. Paul Bremer, III*)

United Nations

- 75 Security Council Calls for Cease-Fire in Iran-Iraq War (*President Reagan, Secretary Shultz, Text of Resolution*)
77 UN Narcotics Conference Meets in Vienna (*Edwin Meese III, President Reagan, Declaration of Intent*)

Western Hemisphere

- 81 Latin America and the Caribbean: The Paths to Democracy (*Elliott Abrams*)
82 Demonstration Against U.S. Embassy in Panama (*Department Statement*)
83 Situation in Haiti (*Department Statement*)
85 Cuba's Growing Crisis (*Kenneth N. Skoug, Jr.*)

Treaties

- 91 Current Actions

Press Releases

- 92 Department of State
93 USUN

Publications

- 93 Department of State
94 Background Notes

Index

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ
 اَللّٰهُمَّ كُنْ لَنَا نَصِيْرًا
 حَسْبُنَا اللَّهُ وَنِعْمَ الْوَكِيْلُ
 يَا اَللّٰهُمَّ اِنَّا نَسْتَعِيْنُكَ
 عِنْدَ كُلِّ مَسْئَلَةٍ وَنَسْتَعِيْنُكَ
 وَنَعُوْذُ بِكَ مِنْ كُلِّ اِسْوَابٍ
 مُّغْرِبٍ اَوْ اَسْوَابٍ مُّسْوِيٍّ
 مَعَنَا



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ
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 مَعَنَا

First two pages of the Arabic-language version of the U.S.-Morocco Treaty of Friendship and Amity, with the Sultan's seal at the top of the first page.
 (National Archives, Department of State photo by Ann Thomas)

In the Name of Almighty God,
 This is a Treaty of Peace and Friendship
 established between the United States of America
 which is confirmed with our Royal Seal at our Court
 in the month and year of our Royal Seal at our Court
 of Morocco on the twenty fifth day of the blessed month of
 Shaaban in the year two thousand two hundred and twenty
 God it will remain firm and good.
 We declare that both Parties have agreed that
 this Treaty and its articles shall be inserted in
 the Book and released to the Honorable Thomas Barclay
 who is at the United States and our trust with whose
 ratification it has been made and who is duly authorized
 on this Part to deal with us concerning all the matters con-
 tained therein.

Now we do hereby certify that
 the foregoing is a true and correct
 copy of the original as the same
 contained in the original
 United States of America
 John Adams
 Secretary of State
 London, January 25, 1797.

First and last pages of the English-language version of the U.S.-Morocco Treaty of Friendship and Amity.
 (National Archives, Department of State photo by Ann Thomas)

Paris, January 1797

Long-Time Friends: Early U.S.-Moroccan Relations 1777-87

by *Sherrill Brown Wells*

Summary

Morocco and the United States have a long history of friendly relations. During the American Revolution when the 13 Colonies were fighting against Great Britain, Morocco was one of the first states to acknowledge publicly the independence of the young Republic. In nearly identical declarations dated December 20, 1777, and February 20, 1778, distributed to all foreign consuls in Morocco, Sultan Sidi Muhammad stated he had given American ships and those of nine European states, with which it had no treaties, the right-of-entry into Moroccan ports. This action, under the diplomatic practices of Morocco at the end of the 18th century, put the United States on an equal footing with all other nations with which the Sultan had treaties.

The American leaders did not acknowledge this friendly act until the end of 1780. They were slow to respond,

because they did not learn of these declarations until almost a year after the last one was issued. Moreover, they were very preoccupied with the problems of fighting a difficult war against England and did not treat very seriously the Sultan's offer, relayed to them in 1778, to negotiate a treaty of commerce. In December 1780, Congress did express to the Sultan its desire to sign a treaty with Morocco. No action, however, was taken until 1784, a year after the citizens of the United States concluded peace with Great Britain, when the impatient Moroccan leader prodded the United States into action by seizing one of its ships. Preparations for negotiations began in 1785, and the Treaty of Peace and Friendship was signed in June 1786. Ratified by the United States on July 18, 1787, this treaty marked the beginning of diplomatic relations between the two countries. It was the first treaty between any Arab, Muslim, or African state and the United States.

Early Relations With North Africa

Morocco was one of the first states to seek diplomatic relations with the Americans. Long before the War for Independence, American colonists had developed a lucrative trade with both shores of the Mediterranean. The European nations with Mediterranean ports bought dried and pickled fish, wheat, flour, and barrel staves from the Americans while the Muslim Barbary states of Morocco, Algiers, Tunis, and Tripoli and other African regions, as well as southern Europe, purchased rice, oak, rum, pine and cedar lumber, beeswax, and onions.

Piracy was a principal source of revenue for the Barbary states as well as an important factor in their economy, and their price for "protection" was the payment of tribute.¹ The European governments escaped the depredations of the marauding pirates by paying this tribute because it was cheaper than war, and it offered them a convenient way of gaining political and commercial advantages over less powerful rivals such as the United States.² Before the Revolution, American colonists had benefitted from the protection England brought, for under the terms of British treaties with Barbary rulers, the colonial vessels were issued passes by the tribute-paying British Government.³

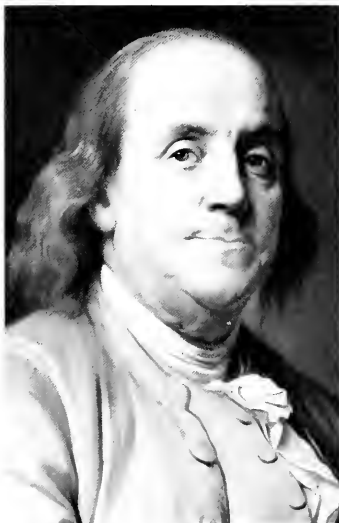
American Peace Commissioners and North African Trade

After the Declaration of Independence in 1776, this profitable trade was jeopardized. Great Britain ended these privileges for American vessels and issued new passes only to British merchant vessels. Britain informed their corsair states in North Africa that the old British passes were invalid and even enlisted the corsair leaders' help in the war against the United States. As a result, American vessels lost their immunity from capture and the payment of tribute, and their Mediterranean trade was endangered.⁴

In the fall of 1776, the American Congress began seeking, from friendly European states, protection for their thriving trade, but these efforts met with little success. Turning first to France, Congress instructed the American commissioners—Benjamin

Franklin, John Adams, and Arthur Lee—in their treaty negotiations with France to seek an article binding that government to protect American vessels as Great Britain had done. On December 12, 1777, after the American victory at Saratoga, the French Government informed Franklin of its decision to recognize the independence of the United States and to negotiate a treaty as soon as the requirements of each party could be met. The French, however, did not make any commitment to protect American vessels in the Treaty of Amity and Commerce signed with the United States on February 6, 1778. In Article 8 of that treaty, the French agreed only to use "their good offices and interposition" with the rulers of Morocco, Algiers, Tunis, and Tripoli.⁵

In August 1778, the American commissioners requested the help of France



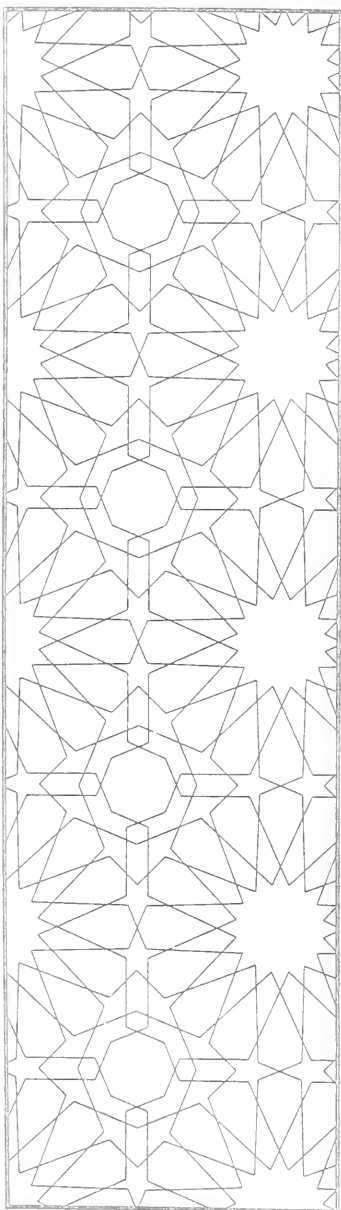
Benjamin Franklin

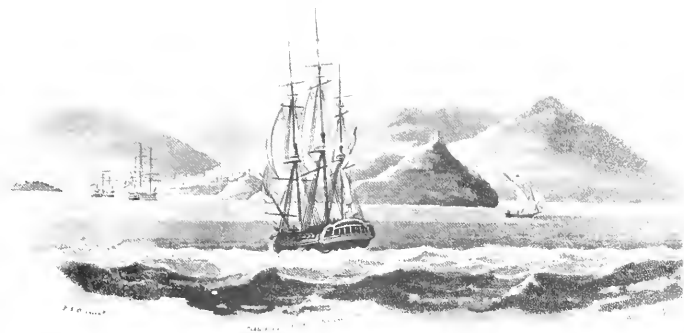
(Portrait of Joseph Sifrede Duplessis, Courtesy National Portrait Gallery, Smithsonian Institution, Gift of the Morris and Gwendolyn Cafritz Foundation)



John Adams

(Portrait begun by Gilbert Stuart, finished by Jane Stuart; National Portrait Gallery, Smithsonian Institution)





View of Tetuan on the coast of Morocco.
(U.S. Navy Historical Center)

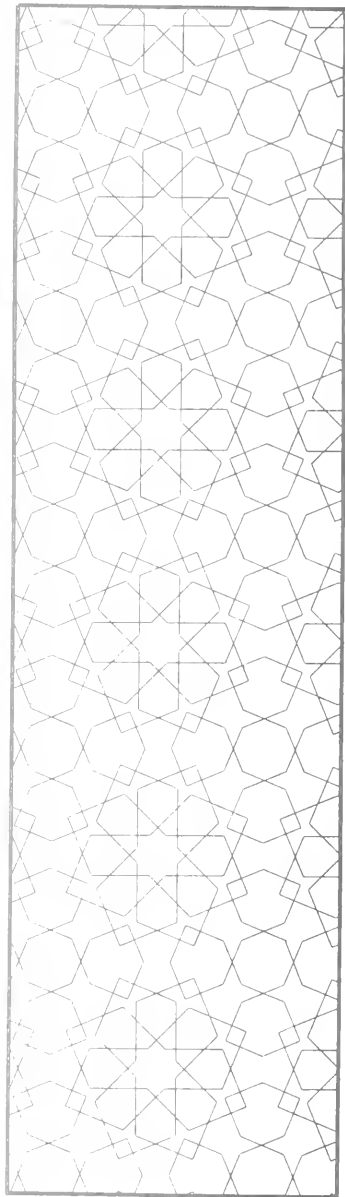
Barbary Coast

From the late Middle Ages to the end of the 19th century, the term "Barbary" states, or "Barbary" coast, referred to the four provinces, or states, along the northern coast of Africa—Morocco, Algiers, Tunis, and Tripoli. For the most part, today they comprise the nations of Morocco, Algeria, Tunisia, and Libya. Bounded by the Mediterranean on the north and the Sahara on the south, this 2,000-mile-long strip of territory is inhabited by people called Berbers. The Medieval term "Barbary" comes from the Latin word *barbarus*, from which the word "Berber" derives. In the 16th century, Algiers, Tunis, and Tripoli became tributaries to the Turkish Sultan at Constantinople whereas Morocco, long independent, continued to be ruled by native dynasties outside Turkish influence.

By the 16th century, the princes of the Barbary powers organized an extensive system of piracy as a means of livelihood and entered into businesslike relationships of piracy, ransom, and tribute with the European powers.

While the beginning of piracy in the Mediterranean antedates the coming of Christ, it was not until the fall of Constantinople and the expulsion of the Moors from Spain that it became a well-organized profession in the hands of the Barbary "corsairs," another name for pirates and their ships. The most important sources of income were the cargoes of Oriental products captured from the Christian merchantmen on the way home from the Levant, the labor of captives, the ransoms paid by governments of the captured, and the tribute or presents paid by the European nations as the price for peace, truces, and the right of passage for their ships.

Tribute—usually cash or stores—was paid annually or semiannually. Presents were also exacted at the conclusion of a treaty, the change of a consul, and accession of a new ruler. The European powers acquiesced in the Barbary system of international intercourse and manipulated the corsairs to their own ends. ■



with their Italian trade, which was declining because of fears of piracy.⁶ The French Foreign Minister, Comte de Vergennes, and the Minister of Marine, M. de Sartine, replied that French intervention could secure neither respect for the American flag nor freedom for American commerce, but they offered their assistance in negotiating treaties between the United States and the Barbary rulers. Sartine suggested in September that it would be simpler to get the Barbary states to acknowledge the independence of the United States and to conclude treaties with them. In forwarding Sartine's reply, Vergennes wrote to the commissioners on September 27, 1778, that France would help the former colonies obtain such treaties. The commissioners acknowledged in their October 1, 1778, reply to Vergennes that they had no power "to conclude treaties with the Barbary States," but they agreed with the French statesman that an acknowledgment "of the independence of the United States on the part of those powers and a treaty of commerce between them and us" would be beneficial to both parties.⁷

Early Contacts Between Morocco and the United States

While American commissioners in Paris vainly solicited European protection for U.S. vessels against the Barbary ships, Sultan Sidi Muhammad bin Abdullah (1757-90), the most progressive of the Barbary rulers, announced his desire for friendship with the United States. The Sultan's overture was part of a new policy he was implementing as a result of his consciousness of the need to establish peaceful relations with the Christian powers and his desire to establish trade as a basic source of revenue. Faced with serious economic and political difficulties, he was searching for a new method of governing which required changes in his economy. Instead of relying on a standing professional army to collect the taxes and enforce his authority, he wanted to establish state-controlled maritime trade as a new, more reliable and regular source of income which would free him from his dependency upon the services

In a letter to Congress dated November 7, 1778, the commissioners sent copies of their "correspondence on the subject of negotiation with the Barbary States." They noted that they had no authority to negotiate such treaties nor funds to purchase gifts for the Barbary rulers.⁸ On February 24, 1779, Congress referred the question of negotiations with the Barbary states to a committee of three but no further action on this proposal was taken until the end of 1780.⁹

Efforts by the American commissioners in Paris to obtain protection for U.S. vessels against the Barbary corsairs were not successful. The Treaty of Amity and Commerce between the United States and the Netherlands negotiated by John Adams in October 1782 contained an article which promised that the Netherlands Government "would second" any U.S. negotiation with a Barbary power for Mediterranean passes, but there was no pledge of protection. During the negotiations for a definitive peace treaty with the United States in 1783, the British refused to grant any protection to American ships.¹⁰

of a standing army. His overtures and the opening of his ports to the Americans and other states were part of that new policy.¹¹

Webster Blount, the Dutch consul in Salé, Morocco, was commissioned by the Sultan on December 20, 1777, to write letters on his behalf to the European merchants and consuls in Tangier, Salé, Larache, and Mogador (now Essaouira) announcing that all vessels sailing under the American flag might freely enter Moroccan ports. The Sultan stated that orders had been given to his corsairs to let the ships "des Americains" and those of European states with which Morocco had no treaties—Russia, Malta, Sardinia, Prussia, Naples, Hungary, Leghorn, Genoa, and Germany—freely enter and depart Moroccan ports. There they could be permitted to "take refreshments" and provisions and to enjoy the same privileges as other nations that had treaties with Morocco. This



Sidi Muhammad
(1757-90)

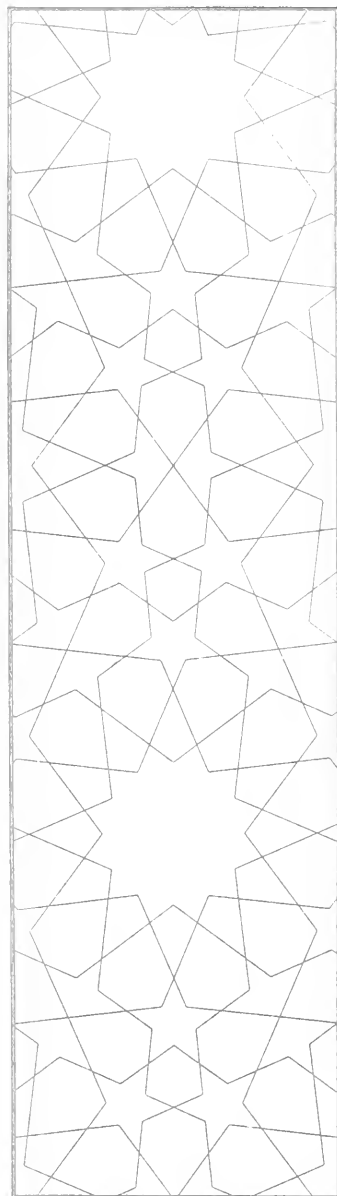
(Temper American Legion Museum, Sneyter)

declaration was forwarded by the consuls to their governments.¹²

On February 20, 1778, the Sultan of Morocco reissued his December 20, 1777, declaration, but American officials were slow to be informed of the Sultan's full intentions. Nearly identical to the first, the second declaration was also sent to all the consuls and merchants in the ports of Tangier, Salé, Larache, and Mogador informing them the Sultan had opened his ports to the Americans and the nine European states.

Information about the Sultan's desire for friendly relations with the United States first reached Franklin in Paris sometime in late April or early May 1778 from a French merchant of Salé—Etienne d'Audibert Caillé—who had been appointed by the Sultan to serve as consul for all the nations that did not have consuls in Morocco. Caillé wrote to Franklin on behalf of the Sultan on April 14, 1778, from Cadiz offering to negotiate a treaty between Morocco and the United States on the same terms as the Sultan had negotiated with other powers.¹³ When he did not receive a reply from Franklin, Caillé wrote him a second letter sometime later that year or in early 1779. In writing to the Committee on Foreign Affairs in May 1779, Franklin reported he had received two letters from a Frenchman who "offered to act as our minister with the Emperor" and who had informed Franklin that "his imperial majesty wondered why we had never sent to thank him for being the first power on this side of the Atlantic that had acknowledged our independence and opened his ports to us." Franklin, who did not mention the dates of Caillé's letters of when he had received them, added that he had ignored these letters because the French had advised him that Caillé had a reputation of being untrustworthy.

Franklin reiterated the French King's willingness to use his good offices with the Sultan whenever Congress desired a treaty and concluded, "Whenever a treaty with the emperor is intended, I suppose some of our naval stores will be an acceptable present, and the expectation of continued supplies of such stores a powerful motive for entering into and continuing a friendship."¹⁴



Sidi Muhammad XVI, the most progressive and least piratical of the Barbary potentates, ruled Morocco for 33 years. He was a member of the Alouite, or Fiali, dynasty which came to power in 1659. Like the Saadian dynasty which preceded it, the Alouite family descended from Ali, Mohammed's son-in-law, and was invited by the Arabs of Fez to rule them. Before its extinction, the Saadian dynasty changed the title of the ruler from amir to sultan, but the title of emperor was also used.

Sidi Muhammad was considered a benevolent ruler in comparison with his predecessors. He restored order to his sultanate which had been ravaged by civil wars; he successfully represented repeated rebellions, imprisoned oppressive governors while freeing prisoners believed to be unfairly incarcerated, and worked to establish legitimate trade with other nations in order to better Morocco's economy. He pursued a foreign policy of friendship and cooperation with Europe and with Turkey. ■

Since the Sultan had received no acknowledgment of his goodwill gestures by the fall of 1779, he made another attempt to contact the new American Government. Under instructions from the Moroccan ruler, Caillé wrote a letter to Congress in September 1779, in care of Franklin in Paris, to announce his appointment as consul and the Sultan's desire to be at peace with the United States. The Sultan, he reiterated, wished to conclude a treaty "similar to those which the principal maritime powers have with him." Americans were invited to "come and traffic freely in these ports in like manner as they

formerly did under the English flag."¹⁵ Caillé also wrote to John Jay, the American representative at Madrid, on April 21, 1780, asking his help in conveying the Sultan's message to Congress and enclosing a copy of his commission from the Sultan to act as consul for all nations that had none in Morocco, as well as a copy of the February 20, 1778, declaration. Jay received that letter with enclosures in May 1780, but because it was not deemed to be of great importance, he did not forward it and its enclosures to Congress until November 30, 1780.¹⁶

Congress Responds to Moroccan Appeals

Before Jay's letter with the enclosures from Caillé reached Congress, Samuel Huntington, the President of the Congress, made the first official response to the Moroccan overtures. In a letter of November 28, 1780, to Franklin, Huntington said that Congress had received a letter from Caillé, and he asked Franklin to write this representative of the Emperor. Assure him, wrote Huntington, "in the name of Congress and in

terms the most respectful to the emperor that we entertain a sincere disposition to cultivate the most perfect friendship with him, and are desirous to enter into a treaty of commerce with him; and that we shall embrace a favorable opportunity to announce our wishes in form."¹⁷

The U.S. Government sent its first official communication to the Sultan of Morocco in December 1780. It read:

We the Congress of the 13 United States of North America, have been informed of your majesty's favorable regard to the interests of the people we represent, which has been communicated by Monsieur Etienne d'Audibert Caillé of Salé, consul of foreign nations unrepresented in your majesty's states. We assure you of our earnest desire to cultivate a sincere and firm peace and friendship with your majesty and to make it lasting to all posterity . . . should any of the subjects of our states come within the ports of your majesty's territories, we flatter ourselves they will receive the benefit of your protection and benevolence. You may assure yourself of every protection and assistance to your subjects from the people of these states whenever and wherever they may have it in their power. We pray your majesty may enjoy long life and uninterrupted prosperity.¹⁸

No action was taken either by Congress or the Sultan for over 2 years. The Americans, preoccupied with their war against Great Britain, directed their



John Jay

(Portrait begun by Gilbert Stuart, finished by John Trumbull; National Portrait Gallery, Smithsonian Institution)

diplomacy at securing arms, money, military support, and recognition from France, Spain, the Netherlands, and eventually peace with England. Moreover, Sultan Sidi Muhammad had more pressing concerns. He focused on his relations with the European powers, especially Spain and Britain over the question of Gibraltar, and from 1778 to 1782, turned his attention to domestic difficulties resulting from drought and famine, an unpopular food tax, food shortages and inflation of food prices, grain trade problems, and a disgruntled military.¹⁹

The question of U.S.-Moroccan relations unexpectedly resurfaced in 1783. In a letter dated January 11, Robert Montgomery, an American merchant at the Spanish port of Alicante, wrote to the Moroccan ruler on his own initiative but in the name of Congress. Montgomery had met a Moroccan emissary to

the Hapsburg Court in December 1782, and he informed John Jay's secretary in Madrid, William Carmichael, about American correspondence with the Moroccans. With encouragement from Carmichael but again without authorization from Congress, Montgomery wrote the Sultan offering to arrange negotiations for a treaty of commerce.²⁰ A Genoese painter, Giacomo Francesco Crocco, who was serving as the Sultan's new representative for foreign affairs, wrote Franklin in Paris in July and December 1783 saying that the Sultan had received the reply from Congress. The Sultan, Crocco declared, wanted to conclude a treaty with the United States. Crocco warned Franklin that treaty negotiations often took several years and that failure to accept the Sultan's offer might "forever indispose him against the United Provinces [of North America]."²¹

Concluding a Treaty With Morocco

The American commissioners in Paris urged Congress in September 1783 to take some action in negotiating a treaty with Morocco. "The Emperor of Morocco has manifested a very friendly disposition towards us," they wrote. "He expects and is ready to receive a minister from us: and as he may either change his mind or may be succeeded by a prince differently disposed, a treaty with him may be of importance. Our trade to the Mediterranean will not be inconsiderable, and the friendship of Morocco, Algiers, Tunis, and Tripoli may become very interesting in case the Russians should succeed in their endeavors to navigate freely into it by Constantinople."²²

Before Congress replied, Franklin informed Crocco in December 1783 that he knew of no instructions to Montgomery, that he had informed Congress of the Sultan's desire to negotiate a treaty of amity and commerce with the United States, and that his government would take the proper steps once conditions in the United States were more settled.²³

Congress finally acted in the spring of 1784. A committee of the Congress instructed Franklin, Jay, and Adams on March 16 to investigate the circumstances of Montgomery's communication to the Sultan.²⁴ On May 7 Congress also authorized its three ministers in Paris to conclude treaties of amity and commerce with Russia, Austria, Prussia, Denmark, Saxony, Hamburg, Great Britain, Spain, Portugal, Genoa, Tuscany, Rome, Naples, Venice, Sardinia, and the Ottoman Porte, as well as the Barbary states of Morocco, Algiers, Tunis, and Tripoli. The treaties with the Barbary states were to be in force for 10 years or longer. The American commissioners were instructed to inform the Sultan of Morocco of the "great satisfaction which Congress feels from the amicable disposition he has shown towards these States, and his readiness to enter into alliance with them. That the occupations of the war, and distance of our situation, have prevented our meeting his friendship so early as we wished."²⁵ A few days later, commissions were given to the three men to negotiate the treaties.²⁶

Moroccan Seizure of an American Ship

Continued delays by the American Government prompted the exasperated Sultan in the early fall of 1784 to take more drastic action to gain the attention of the leaders of the young Republic. He issued an order to seize an American ship, and on October 11, 1784, the Moroccans captured the Philadelphia merchant ship *Betsey* soon after it had left Cadiz on its voyage home. The ship and crew were taken to Tangier where the Sultan held them hostage. He announced he had not confiscated the ship or cargo nor enslaved the men on board and that once a treaty with the United States was concluded, he would release men, ship, and cargo.²⁷

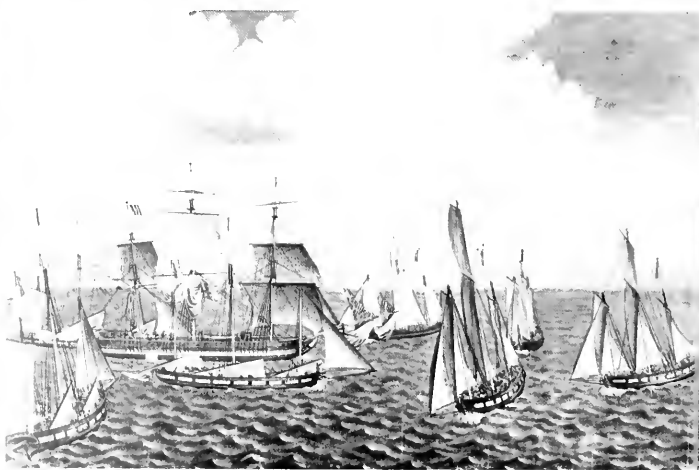
The seizure of the *Betsey* jolted the Americans to action, and they began to prepare for negotiations with Morocco. The commissioners sought advice from the French on how to deal with the Sultan and gathered information on the Barbary states which they sent to Congress in six reports between November 1784 and May 1785. In their first report, they stated they had made no overtures to any Barbary government, but they believed treaties with these powers could cost large sums of money. They

later requested further instructions and funds, as the French had said that treaties with the Barbary states would be very expensive.²⁸ When Adams sought the advice of Vergennes on March 20, 1785, about negotiations, the French minister said that if Algeria and Morocco could take the lead, the other Barbary states would be less expensive. While Vergennes offered French help, he felt no doubt that the United States had to rely on its own initiative.²⁹

On March 11, 1785, Congress authorized their commissioners to delegate to some suitable agent the authority to negotiate treaties with the Barbary states. The agent was required to follow the commissioners' instructions and to submit the treaty to them for approval. Congress also empowered them to spend a maximum of \$80,000 to conclude treaties with these states.³⁰

When Franklin left Paris on July 12, 1785, to return to the United States, Jefferson became the Minister to France, and thereafter negotiations were conducted by Adams in London and Jefferson in Paris. On October 11, 1785, the commissioners appointed Thomas Barclay, the American Consul

The American Ship, *Betsey*.



General at Paris, to negotiate a treaty with Morocco on the basis of a draft treaty drawn up by the commissioners. That same day, they appointed Thomas Lamb as special agent to negotiate a treaty with Algeria. Barclay was permitted to spend a maximum of \$20,000 for the treaty and was instructed to gather information concerning the commerce, ports, naval and land forces, languages, religion, and government, as well as evidence of Europeans attempting to obstruct American negotiations with the Barbary states.³¹

The Sultan paved the way for a favorable negotiating climate by releasing the *Betsy* and its crew and cargo. William Carmichael had successfully enlisted Spanish help, and as a result of their intervention, the ship and sailors were released on July 9, 1785.³² Jefferson regarded the Sultan's favorable treatment of the sailors as evidence of his desire of "receiving us into the number of his tributaries."³³ The capture of two American ships in July 1785 and the enslavement of their crews by the Algerines also demonstrated to the United States the importance of friendly relations with the Barbary power that had repeatedly demonstrated its conciliatory attitude.³⁴

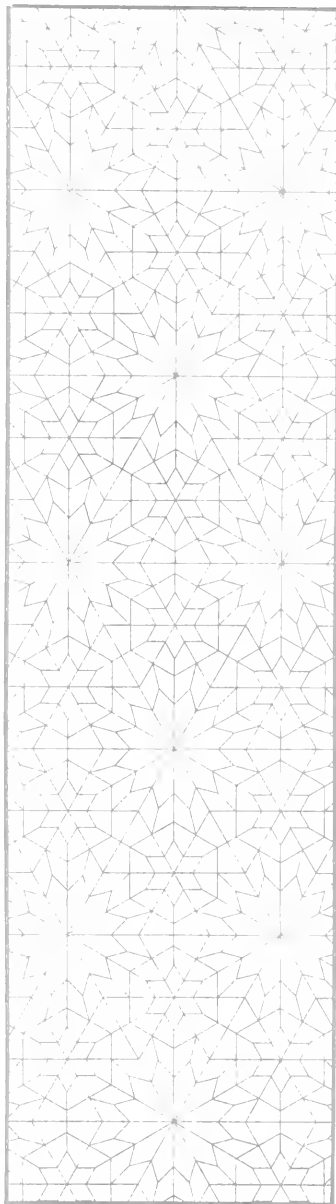
Barclay left Paris on January 15, 1786, and after several stops, including 2½ months in Madrid, he arrived in Marrakesh on June 19. While the French offered some moral support to the United States in its negotiations with Morocco, it was the Spanish Government, through the efforts of William Carmichael, that furnished substantial backing in the form of letters from the Spanish King and Prime Minister to the Emperor of Morocco.³⁵ After receiving a cordial welcome, Barclay conducted the treaty negotiations in two audiences with Sidi Muhammad and Taber Fennish, a leading diplomat from Sale who headed the Moroccan negotiations. The proposals drawn up by the American commissioners in Paris became the basis for the treaty. While the Emperor opposed several articles, the final form contained, in substance, all of Barclay's proposals. When asked about tribute, Barclay stated that he "had to Offer to His Majesty the Friendship of the United States and to receive his in Return, to form a Treaty with him on liberal and equal Terms. But if any en-

gagements for future presents or Tributes were necessary, I must return without any Treaty." The Moroccan leader accepted Barclay's declaration that the United States would offer friendship but no tribute for the treaty, and the question of gifts or tribute was not raised again. Barclay accepted no favors except the ruler's promise to send letters to Constantinople, Tunisia, Tripoli, and Algeria recommending they conclude treaties with the United States.³⁶

Barclay and the Moroccans quickly reached agreement on the Treaty of Friendship and Amity. It was sealed by the Emperor on June 23 and delivered to Barclay on June 28. (A separate Ship Seals Agreement, providing for the identification at sea of American and Moroccan vessels, was signed at Marrakesh on July 6, 1786.) Binding for 50 years, the treaty was signed by Thomas Jefferson at Paris on January 1, 1787, and John Adams at London on January 25, 1787; Congress ratified it on July 18, 1787.³⁷

Also called the Treaty of Marrakesh, this was the first treaty between the United States and any Muslim, Arab, or African country. It provided that neither state would accept a commission from any nation with which the other nation was at war and for reciprocal immunity for nationals and property if either nation captured a prize belonging to a third nation. In case of a war between the United States and Morocco, a grace period of 9 months would be given the nationals of both countries to settle their private affairs, and all prisoners would be exchanged within 1 year of the end of the war and not enslaved. Commerce would be conducted on the basis of most-favored-nation, and all U.S. vessels compelled to land along the Moroccan coast would be protected. Both American and Moroccan vessels would have passes guaranteeing safe conduct. Disputes between American citizens in Morocco would be under the jurisdiction of the American consul, who would also participate in disputes between American and Moroccan citizens. Finally, American warships were to be exempt from examination by Moroccan officials.

Congress found the treaty with Morocco highly satisfactory and passed a vote of thanks to Barclay and to Spain for its help in furthering negotiations. Barclay had reported fully on the



amicable negotiations and written that the King of Morocco throughout the negotiations had "acted in a Manner most gracious and condescending, and I really believe the Americans possess as much of his Respect and Regard as does any Christian nation whatsoever."³⁸ Barclay portrayed the Sultan as "a just man, according to this idea of justice, of great personal courage, liberal to a degree, a lover of his people, stern" and "rigid in distributing justice."³⁹ The Sultan sent a friendly letter to the President of the Congress with the treaty and included another from the Moorish Minister, Sidi Fennish, which was highly complimentary of Barclay.⁴⁰ After ratifying this treaty, Congress on July 23, 1787, asked Sidi Muhammad to fulfill a verbal pledge made to Barclay and to intercede for the United States with the other North African states. This request stated: "Should your Majesty's mediation be the means of putting the United States at peace with their only remaining enemies, it would be an event so glorious and memorable, that your Majesty's reign would thence derive additional lustre, and your name not only become more and more dear to our citizens, but more and more celebrated in our histories."⁴¹ The Sultan wrote letters to the rulers of Tunis and Algiers at the end of 1788, but they produced no positive results.

Barclay believed the treaty had significant commercial value.

... it will appear that few of the articles produced in Morocco, are wanted in our parts of America, nor could any thing manufactured here, find a sale there, except a little Morocco leather, which is fine and good . . . still this country holds out objects to the Americans, sufficient to make a treaty of peace and commerce, a matter of consequence. Our trade to the Mediterranean is rendered much the securer for it, and it affords us ports where our ships can refit if we should be engaged in an European war, or in one with the other Barbary States. Our vessels will certainly become the carriers of wheat from Morocco to Spain, Portugal and Italy, and may find employment at times when the navigation of our country is stopped by the winter season, and we shall resume our old mule trade from Barbary to Surinam and possibly to some of the West India Islands.⁴²

Barclay predicted that after the Sultan's death, this treaty might be of little utility to the succeeding rulers.⁴³



"A Moor of Africa."

Sultan Sidi Muhammad faithfully observed the Treaty of Marrakesh during his reign, but upon his death on April 11, 1790, it was necessary to gain the recognition of his successor. Secretary of State Thomas Jefferson reported to Congress on December 30, 1790, "The friendship of this Power is important because our Atlantic as well as Mediterranean trade is open to his [the Sultan's] annoyance, and because we carry on a useful commerce with his nation."⁴⁴ Congress on March 3, 1791, appropriated \$20,000 for these negotiations, and on May 13, 1791, Thomas Barclay was appointed the first American representative to Morocco with the title of Consul.⁴⁵ But Barclay's mission was delayed by civil war in Morocco, and he died at Lisbon on January 19, 1793.⁴⁶

The American Government renewed its efforts in 1795 to gain recognition of the treaty by the new Moroccan ruler, Sultan Muley Soliman. After learning that this Sultan had announced early that year he would seize vessels of nations refusing to negotiate with him,



"Morning habit of a lady of quality in Barbary."

Secretary of State Edmund Randolph instructed the American Minister to Portugal, Col. David Humphries, to obtain recognition of the 1786 treaty or to conclude a new agreement at a cost not to exceed \$25,000. Humphries commissioned an agent, James Simpson, the American consul at Gibraltar, to negotiate with the Sultan.⁴⁷

In discussions with Simpson, Sultan Muley Soliman recognized the treaty of 1786 and expressed his recognition formally in a letter of August 18, 1795, to President Washington: "And we are at peace, tranquility, and friendship with you," wrote the Sultan, "in the same manner as you were with our father." He told Simpson, "The Americans, I find, are the Christian nation my father, who is in glory, most esteemed. I am the same with them as my father was, and I trust they will be so with me."⁴⁸

The United States established a consulate in Morocco in 1797. President Washington had requested funds for it in a message to Congress on March 2,

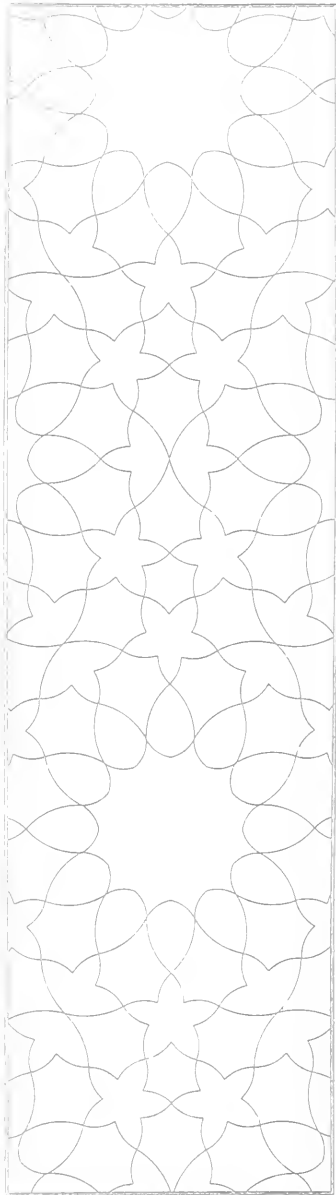
1795, and James Simpson, who was appointed to this post, took up residence in Tangier 2 years later. The Sultan had recommended the establishment of a consulate because he believed it would provide greater protection for American vessels.⁴⁹ In 1821 the Sultan gave the United States one of Morocco's most beautiful buildings in Tangier for its consular representative, and until 1956, this building served as the seat of the principal U.S. representative to the Sultan of Morocco. It is the oldest piece of real estate owned by the United States abroad.⁵⁰

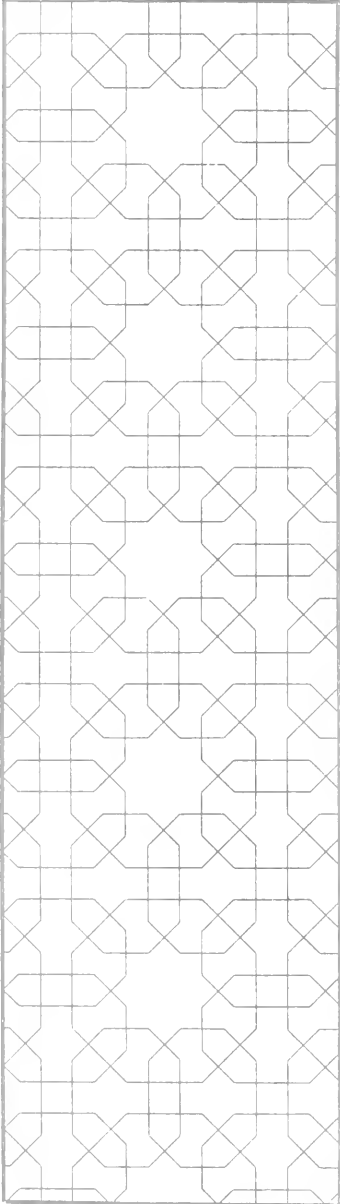
Conclusion

U.S.-Moroccan relations from 1777 to 1787 reflected the international and economic concerns of these two states in the late 18th century. Both the American leaders and the Sultan signed the 1786 treaty largely for economic reasons, but they also realized that a peaceful relationship would aid them in their relations with certain other powers. The persistent friendliness of Sultan Sidi Muhammad to the young Republic, in spite of the fact that his overtures were initially ignored, was the most important factor in the establishment of this relationship.

Faced with serious economic and political difficulties at home during that 10-year period, the Sultan tried to establish trade as a basic source of revenue for his country. The opening of his ports to 10 additional states with which he had no treaties was an important element of that new policy. Moreover, by opening his ports to the new American nation, he avoided a problem with Great Britain with which he had a treaty relationship. Despite the severity of his action in seizing a U.S. ship, he demonstrated to the Americans the sincerity of his earlier overtures and his desire to sign a commercial treaty by the good treatment and early release of the American crew and cargo. His actions also underscored the difference between his policies and those of the other Barbary rulers.

This period also reflects the desire of American leaders to establish commercial relations with as many nations as possible and to further their long-term commercial program. Trade was





considered to be the shield of the Republic for the future. They signed the treaty with Morocco because it was their desire to preserve Mediterranean and Atlantic trade, a step toward treaties with the other Barbary states, and useful to have friendly ports for U.S. ships. The friendliness of Spain toward the United States was also significant in the evolution of American-Barbary policy. This policy began with seeking European protection against piracy but became one of supplementing friendly European intervention with a treaty signed directly with a Barbary state.

An answer to the question of whether Morocco recognized the United States by its early declaration requires an analysis of the criteria of recognition in 18th century international law followed by the European nations and the United States, of diplomatic practices of Morocco during that same period, and of the language of the Moroccan declaration. Although the question of what constitutes recognition under international law practiced by the European nations and the United States in the 18th century is ill-defined, ambiguous, and subject to many interpretations, most historians who are experts on this issue and some legal scholars agree that the methods and modes of recognition in the 1770s and 1780s required some concrete and reciprocal action on the part of both powers, such as a declaration of a governing body to accept the diplomatic representative of the other, an exchange of ministers, or a written agreement or treaty.⁵¹ Many of these authorities agree that, at the very minimum, it required some concrete action, acknowledgment, or at least tacit acceptance by the power being recognized.

Many of these experts have stated that the opening of a country's ports to another power did not constitute recognition. They point to the fact that during the Revolutionary War, France allowed U.S. warships flying the American flag to enter French ports before France signed the Treaty of Amity and Commerce with the United States on February 6, 1778. This permission of the French, however, was secretly given and not publicly acknowledged.⁵² These experts also argue that if opening of ports or offering to conclude a treaty constituted recognition, then the admission of American ships into Spanish and Dutch

ports placed the dates that both Spain and the Netherlands can be considered to have recognized American independence much earlier than was actually the case.⁵³ These scholars also point out that the United States in the early 19th century opened its port to the revolutionary Latin American republics many years before it recognized these nations.⁵⁴

The correspondence among American leaders demonstrates they did not regard the declaration as constituting recognition of their nation by Morocco. There is no evidence, argues Gregg Lint, that either the Continental Congress or its representatives—Franklin, Lee, Adams, and Jay—conceived of any other basis for recognition than a formal treaty or, at the very least, a bilateral agreement to commence diplomatic relations. This can be seen in the Congress' instructions to its representatives requiring them to seek treaties with various foreign powers as well as in the correspondence of the American diplomats.⁵⁵

An alternative interpretation of the question of the 18th century criteria of recognition is offered by legal scholar Stefan Riesenfeld (Counselor on International Law in the Office of the Legal Adviser in the Department of State during the late 1970s). He argues that recognition in the late 18th century could be established by either a treaty or a unilateral act, such as a public declaration. He also says that recognition could be expressed or implied. He states that the Sultan's declaration which opened his ports to the United States was such a unilateral act and that it showed the intent of recognition and implied recognition.

Both Riesenfeld and legal scholars Herbert Briggs and William Bishop (a former Assistant to the Legal Adviser in the Department of State) argue that recognition in the 18th century did not require the acknowledgment or the tacit acceptance by the power being recognized. But Briggs and Bishop disagree with Riesenfeld and state that the opening of ports to a nation was not a sufficient act to amount to recognition.

Legal scholar Leo Gross argues that the opening of ports to ships flying the U.S. flag meant recognition of that flag, and in modern terminology, that act constituted some form of *de facto* recognition but not full or official recognition. He says the Sultan's declaration might be termed *de facto* recognition, but he



does not know whether the distinction between *de facto* and full official recognition was made in the 18th century.

Under Moroccan practices of the late 18th century, a ruler recognized only those states with which he had treaties. Because the treaty relationship meant its ports were open to that nation, the act of opening its ports meant that a treaty with that nation was desired. Unlike European diplomatic practices, Morocco had no diplomatic representatives in the nations with which it had treaties.

Weighing all these factors, the conclusion of this study is that the Sultan's

declaration of December 20, 1777, demonstrates the Sultan's intention to acknowledge the independence of United States but that recognition of the American Republic, under the terms of European international law followed by the United States, did not occur until it signed the treaty with the United States in 1786. Clearly the intent of the Sultan, even though not stated in the declaration, was to recognize the independence of the United States from Great Britain, because he opened his ports to the new nation. This act, in his eyes, put the United States on an equal footing with other powers, for he gave that country

all the privileges of a nation with which he had a treaty, and having a treaty relationship meant recognition. Although the Sultan did not express in his declaration his desire to negotiate a treaty with the United States, his plan was clearly expressed by his representatives in their subsequent communications with American officials. While the meaning of "des Americains" in his declaration has been deemed ambiguous by some experts, the term most likely refers to the British colonists in North America, because the Sultan would not have recognized the independence of the Spanish colonies, a power with which he had a close relationship. Moreover, the Sultan's subsequent statements relayed to American officials by Caillé stating he had opened his ports to their ships eliminate that ambiguity. In short, the Sultan by his declarations clearly intended to recognize the United States, but official recognition did not occur until the treaty with the United States was signed.

¹James A. Field, Jr., *America and the Mediterranean World, 1776-1882*, p. 29; Ray W. Irwin, *The Diplomatic Relations of the United States With the Barbary Powers, 1776-1816*, pp. 8-18.

²Alexander DeConde, *A History of American Foreign Policy*, p. 84.

³Irwin, *Diplomatic Relations*, p. 18.

⁴Field, *American and the Mediterranean World*, p. 29.

⁵*Treaties and Other International Acts of the United States of America*, 8 vols., Hunter Miller, ed., 2, pp. 8-9.

⁶Luella J. Hall, *The United States and Morocco, 1776-1956*, p. 28.

⁷Franklin, Lee, and Adams to Vergennes, October 1, 1778, in *The Revolutionary Diplomatic Correspondence of the United States, 1776-1783*, 6 vols., Francis Wharton, ed., 2, pp. 752-753.

⁸Franklin, Lee, and Adams to the President of Congress, November 7, 1778, *ibid.*, 2, pp. 830-833.

⁹Congress, Proceedings as to Barbary Treaty, February 24, 1779, *ibid.*, 3, pp. 61-62.

¹⁰Miller, *Treaties*, 2, pp. 59-114; Hall, *United States and Morocco*, pp. 46-47.

¹¹Fatima Harrak, "Foundations of Muhammad III's Western European Policy," paper given at the International Conference on Moroccan-American Relations, November 13-15, 1986, Old Dominion University. The papers from this Conference are scheduled to be published by EDINO (Rabat) in the fall of 1987.

¹²A copy of this letter of Webster Blount to the Consuls and Merchants Residing in Mogador, 20 December 1777, was found in the Dutch Archives in The Hague by Jerome Bookin-Weiner. It is cited in Jerome Bookin-Weiner, "Foundations of U.S. Relations with Morocco and the Barbary States," *Hesperis-Tamuda*, 1982-1983, p. 164. Bookin-Weiner has also found copies of this Declaration in the British, French, and U.S. archives.

¹³Caillé to Franklin, April 14, 1778. A Recipients' Copy of this letter is in the Franklin Papers, American Philosophical Society.

¹⁴Franklin to the Committee of Foreign Affairs, May 26, 1779, *Revolutionary Diplomatic Correspondence*, 3, pp. 186-194.

¹⁵Caillé to Congress, September 6, 1779, *ibid.*, 4, pp. 173-174.

¹⁶Jay to the President of Congress, November 30, 1780, enclosing Caillé's letter to him of April 21, 1780, and the Sultan's declaration of February 20, 1778, *ibid.*, 4, pp. 169-171.

¹⁷Instructions from Huntington, President of Congress, to Franklin, November 28, 1780, *ibid.*, 4, pp. 163-164.

¹⁸Letter of Congress to the Emperor, dated "December 1780 (no day), and our independence 5," *Journals of the Continental Congress, 1774-1789*, Worthington C. Ford et al., eds., 34 vols., 28, pp. 146-147. Hereafter cited as *Journals of the Continental Congress*.

¹⁹Bookin-Weiner, "Foundations of U.S. Relations," pp. 168-169.

²⁰Robert Montgomery to Sidi Muhammad bin Abd Allah, January 11, 1783, NA, PCC 59/2, fols. 223-225, cited in Bookin-Weiner, "Foundations of U.S. Relations," p. 170.

²¹Giacomo Francisco Crocco to Benjamin Franklin, July 15, and November 25, 1783, *Revolutionary Diplomatic Correspondence*, 6, pp. 549-550, 734.

²²Adams, Franklin, and Jay to the President of Congress, September 10, 1783, *ibid.*, pp. 687-691.

²³Franklin to Crocco, December 15, 1783, *ibid.*, pp. 738-739.

²⁴Congress—Secret Journals, March 16, 1784, *ibid.*, pp. 786-787.

²⁵Congress—Secret Journals, May 7, 1784, *ibid.*, pp. 801-805.

²⁶Congress—Secret Journals, May 11, 1784, *ibid.*, pp. 804-805.

²⁷Bookin-Weiner, "Foundations of U.S.-Moroccan Relations," pp. 171-172. Bookin-Weiner states that some authors have mistakenly dated the seizure of the *Betsy* on October 11, 1783.

²⁸Report dated November 11, 1784, *Diplomatic Correspondence of the United States, September 10, 1783 to March 4, 1789*, second edition, 1837, 3 vols., 1, pp. 534-542. Hereafter cited as *Diplomatic Correspondence of the United States*.

²⁹The Commissioners to Vergennes, March 28, 1785, and Vergennes to the Commissioners, April 28, 1785, *ibid.*, 2, pp. 288-291, 295-297.

³⁰*Journals of the Continental Congress*, 28, pp. 140-148; *Diplomatic Correspondence of the United States*, 2, pp. 421-422; Jefferson to Adams, September 4, 1785, *The Papers of Thomas Jefferson*, Julian Boyd, ed., 20 vols., 8, pp. 475-476. Hereafter cited as *Papers of Thomas Jefferson*.

³¹Jefferson to Adams, September 4, 1785, and Adams to Jefferson, October 2, 1785, *Papers of Thomas Jefferson*, 8, pp. 475-476, 565-566.

³²Count de Florida Blanca to William Carmichael, July 24, 1785, *Diplomatic Correspondence of the United States*, 1, pp. 634-635; Bookin-Weiner, "Foundations of U.S. Relations," 172.

³³Jefferson to Madison, September 1, 1785, *Papers of Thomas Jefferson*, 8, pp. 460-464.

³⁴Hall, *United States and Morocco*, p. 50.

³⁵*Ibid.*, pp. 52-53; Bookin-Weiner, "Foundations of U.S. Relations," p. 171.

³⁶Thomas Barclay to the American Commissioners, September 18, 1786, *Papers of Thomas Jefferson*, 10, pp. 389-392; Barclay to Adams and Jefferson, September 18, 1786, *Diplomatic Correspondence of the United States*, 2, pp. 721-725.

³⁷Miller, *Treaties*, 2, pp. 185-227.

³⁸Thomas Barclay to the American Commissioners, July 16, 1786, *Papers of Thomas Jefferson*, 10, pp. 141-142.

³⁹Barclay to Adams and Jefferson, September 13, 1786, *Diplomatic Correspondence of the United States*, 2, pp. 716-720.

⁴⁰The Emperor of Morocco to the President of Congress, June 28, 1786, and Sidi Hage Taher Ben Fennish to Adams and Jefferson, June 28, 1786, enclosed in letter from Barclay to Adams and Jefferson October 2, 1786, *ibid.*, pp. 694-695, 698-699, 700.

⁴¹*Secret Journals of the Acts and Proceedings of Congress, from the first meeting thereof to the dissolution of the confederation by the adoption of the Constitution of the United States*, 4 vols., 4, pp. 365-366; Irwin, *Diplomatic Relations*, p. 35.

⁴²Barclay to Adams and Jefferson, September 10, 1786, *Diplomatic Correspondence of the United States*, 2, pp. 701-715. The original copy of this letter, which is in the Papers of the Continental and Confederation Congresses (R.G. 360) in the National Archives, is dated Sept. 10, 1786.

⁴³Thomas Barclay to the American Commissioners, September 13, 1786, *Papers of Thomas Jefferson*, 10, pp. 357-362.

⁴⁴Report of the Secretary of State relative to the Mediterranean Trade, Communicated to the House of Representatives, December 30, 1790, and to the Senate, January 3, 1791, *American State Papers, Class I, Foreign Relations*, vol. 1, pp. 104-105.

⁴⁵Barclay's commission as consul was temporary and due to expire at the end of the next Senate session, a period believed to

be adequate for the completion of his mission. Jefferson to Barclay, May 13, 1791, *ibid.*, pp. 288-289.

⁴⁶Jefferson to Barclay, November 14, 1792, and Jefferson to Pinckney, March 20, 1793, *ibid.*, pp. 293-294; Doris Jones, "A Survey of United States Relations With Morocco," Historical Office Research Project No. 404, Department of State, November 1957.

⁴⁷Instructions from Secretary of State to Humphries, March 28, 1795, President Washington to Sultan of Morocco, March 30, 1795, and Humphries to Sultan, May 21, 1795, *American State Papers*, 1, pp. 525-526.

⁴⁸Sultan of Morocco to President Washington, August 18, 1795, and Simpson to Secretary of State, August 18, 1795, *ibid.*, pp. 526-527.

⁴⁹Message from President Washington to Congress, March 2, 1795, and Simpson to Secretary of State, September 14, 1795, *ibid.*, pp. 470, 526.

⁵⁰Jones, "A Survey," pp. 28-29.

⁵¹The following historians and scholars of international law were consulted by telephone and in writing on the subject between January 24 and June 8, 1987: Alexander de Conde, University of California, Santa Barbara; James A. Field, Swarthmore College; Richard W. Leopold, Northwestern University; Peter Hill, George Washington University; Harold Langley, Smithsonian Institution; Lawrence S. Kaplan, Kent State University; Gregg L. Lint, The Adams Papers, Massachusetts Historical Society; Jerome Bookin-Wiener, Old Dominion University; Jonathan R. Dull, Papers of Benjamin Franklin, Yale University; Stanford Shaw, University of California, Los Angeles; William Bishop, University of Michigan Law School, who was Assistant to the Legal Adviser in the Department of State, 1939-47; Edith Weiss Brown, Georgetown University Law School; John L. Hargrove, American Society of International Law; Robert E. Dalton, Office of the Legal Adviser, Department of State; Stefan Riesenfeld, University of California-Berkeley Law School, who was Counselor on International Law in the Office of the Legal Adviser, Department of State, 1977-79 and part of 1980; Herbert Briggs, Cornell Law School; and Leo Gross, Fletcher Law School.

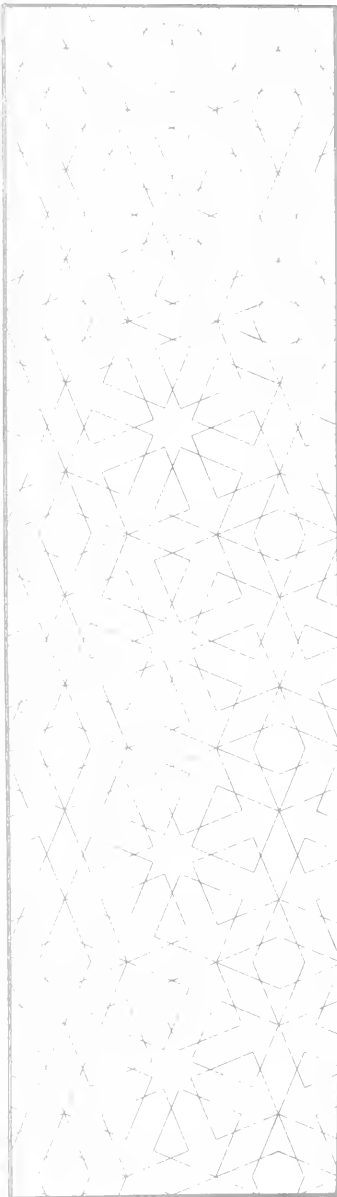
⁵²Conversation with Jonathan R. Dull, March 1, 1987.

⁵³Letter from Gregg L. Lint to Sherrill B. Wells, May 19, 1987.

⁵⁴Telephone conversation with James A. Field, January 26, 1987.

⁵⁵Letter from Gregg L. Lint to Sherrill B. Wells, May 19, 1987. ■

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Peace, Friendship, and U.S.-Canada Relations

Secretary Shultz's address on the occasion of receiving the Freedom Festival Award in Detroit on July 2, 1987.³

I am honored to share this podium with the Right Honorable Secretary of State for External Affairs for Canada, Joe Clark, on this annual joint celebration of the independence of our two great nations—and the friendly and peaceful and productive relations between them. May I also say how pleased I am to have in the audience, among others of note, two very helpful Members of Congress, Representative Bill Broomfield and Senator Carl Levin.

I am particularly glad to be here during the first celebration of U.S.-Canada "Days of Peace and Friendship," a festive occasion which has been noted by the passage of resolutions in both the U.S. Congress and the Canadian Parliament. I hope this commemoration will become an annual event.

It is a happy coincidence that, in addition to all the many other things the United States and Canada have in common, we also share national days at the beginning of July: July 1 and 4. Good neighbors cannot take each other for granted, so Mr. Clark and I and, more importantly, our respective bosses have worked hard to maintain and improve the high quality of our relations. It is most appropriate, then, on these special occasions, for us to take note of 175 years of peaceful relations and to celebrate with official greetings the friendly kinship which unites our people. Joe Clark and I are doing our part today by exchanging visits across the Ambassador Bridge—which itself embodies the concept of peace and friendship in our relationship.

Economic Relations

The Ambassador Bridge that links two vibrant industrial powers symbolizes the commercial ties between our countries—ties that are as unique and important as our political relationship. No two countries trade as much with each other as we do. No two countries have more invested in the other's economy. This trade and investment means jobs for both our peoples. More than one in five export-related jobs in the United States depends on sales to Canada. Three out of four Canadian export jobs depend on

sales to the United States. Of course, in our wide-ranging and complex economic relationship, there will inevitably be problems. But compared to the scope of our ties, these differences are small and should be measured against the far larger and more important backdrop of cooperation and mutual benefit.

Our ability to promote mutual economic prosperity, however, faces a number of important challenges as we move toward the 21st century. Some of the most profound changes around us are economic: the United States, Canada, and most of the industrialized world are undergoing fundamental transformations. Just as the industrial age replaced the agricultural age, today we're on the threshold of an information age based on knowledge, communications, information, and the ability to use them. Seminal developments in science and technology are transforming almost every aspect of economic processes and economic relations and changing our daily lives in an unprecedented manner.

- Instantaneous communications are making business, politics, and culture truly global for the first time.
- Commodity markets are being radically transformed as technological breakthroughs increase the supply of some commodities and new production processes reduce the demand for others.
- Thanks to the revolutions in biotechnology, agricultural yields around the globe have increased sharply, and Malthusian predictions have been stood on their head.
- Advances in superconductivity, maybe, may usher in a "Third Age of Electronics," altering every technology and process related to electricity.

As a result of the unprecedented growth in global output and trade over the last 30 years and the technological revolution now underway, wealth is becoming ever more widely dispersed among countries. The number of countries able to take on an influential world role in a specialized, technically advanced field—computers, weapons, finance, for example—will be much larger than in the past.

This has important political as well as economic implications: technology is being widely dispersed, and nations whose military potential seemed low only a generation ago are acquiring con-

ventional weapons of enormous power—as we are seeing in the Persian Gulf conflict.

The economic, social, and political consequences of these and other developments are only beginning to make themselves felt. When Joe Clark, our Mexican colleague [Secretary of Foreign Relations] Bernardo Sepulveda, and I met at Stanford on May 14 to mark that great university's 100th anniversary, our discussion focused on these emerging global trends.

Our unanimous conclusion was that a dynamic private sector, with competition as its stimulus, must be the driving force helping us to meet these challenges and to keep us abreast of these breathtaking changes. This means meeting foreign competition head on, creating jobs by expanding trade, and not encumbering our economies with the dead weight of protectionism. We are all proceeding in the same direction, at different levels and in different ways. Mexico is opening its economy to the forces of competition, particularly through its acceptance just recently of GATT [General Agreement on Tariffs and Trade] rules. The United States and Canada, meanwhile, are proceeding with common cause on a number of fronts, and I'd like to say a few words about our efforts.

First and foremost is the need to maintain the vitality of our economies. It's no accident that Canada and the United States have achieved exceptionally favorable records of economic growth and job creation in recent years. We have prospered by freeing the energies of our private sectors through deregulation, privatization, and beating back inflation. We have also dramatically reduced the tax burden on our citizens; the tax reform announcement by the Canadian Government on June 18 again shows a common direction and purpose.

Most important, our two governments are engaged in historic negotiations aimed at a bilateral free trade agreement. Our agenda is very ambitious. We are aiming for a comprehensive agreement that will remove tariff and nontariff barriers to the free flow of trade in goods, services, and investment between our two countries. As my colleague, Treasury Secretary Jim Baker, put it last month, an agreement would have "profound effects worldwide" and would set an "outstanding example" for the rest of the world.

After a full year of negotiations, we face a final 3 months, as Joe said, of difficult bargaining on key issues. Success is not assured, but we are optimistic that we will be able to conclude a draft

agreement which advances the economic interests of both countries and present it for congressional and parliamentary review in early October. The Administration has been working closely with Congress and the private sector to assure that a final agreement will be economically sound and command broad public support in the United States. And we know that the only really good agreement is an agreement that is good for both our countries.

You in Detroit, who have seen our automotive exports to Canada grow to almost \$20 billion in 1986, need no lessons in the value of trade liberalization. You understand how we need to progress further to meet problems presented by new competitors. You also appreciate that investment is a two-way street, a point which I have occasionally recalled when reading of the \$2 billion in Canadian investment in the U.S. printing and publishing sector. They're going to dominate our culture and our thinking with these tremendous investments, right at the heart—publishing, printing, everything like that.

If we are successful in concluding a free trade agreement, we will be able to greet the 21st century with an expanded market and greatly improved ability to meet the challenge of foreign competition. In keeping with our strong support for worldwide trade liberalization, a U.S.-Canada free trade area would raise no new barriers to trade with third countries. On the contrary, by breaking new ground in trade in services, protection of intellectual property, and discipline on subsidies, we would be giving an important boost to the Uruguay Round of multilateral trade negotiations. Canada and the United States are leading the charge in the Uruguay Round to persuade governments to rein in disastrous agricultural subsidy practices which have been depleting our treasuries and denying our farmers their ability to compete fairly.

Global Political/Security Relations

The U.S.-Canada relationship, of course, is not sustained by material interests alone. It is fortified by the strength of our democratic institutions and manifested in our parallel security interests and partnership on the world stage.

During the coming year, Canada will play an important role in international diplomacy. In October, Canada will host the Commonwealth Conference in Vancouver and the Francophone Summit in Quebec City. In February, Canada will

host the Winter Olympics in Calgary. The next economic summit will be held in June 1988 in Toronto.

Joint U.S.-Canadian efforts are vitally important to the security of North America, to the Western alliance, and to world peace. We look forward to continuing and expanding cooperation in this important area. We are, therefore, pleased with the increased levels of Canadian defense spending—as reflected in the recently tabled White Paper, to which Joe Clark referred.

Canada and the United States also share a vital interest in arms control. While there may be points of difference on specific issues, we respect Canadian positions and appreciate Canada's contribution to NATO. We have learned a vital lesson together from our INF [intermediate-range nuclear forces] experience, to which Mr. Clark referred, and that lesson is, when the West is strong and stands by its positions—no matter how difficult—the Soviets do take notice, cease wedge-driving, and negotiate seriously. As we focus greater attention on the conventional imbalance, we must demonstrate similar firmness—by strengthening our conventional defense efforts.

Canada, of course, has a long and distinguished record on arms control, and its support for effective and verifiable arms control agreements with the U.S.S.R. enhances the prospects for success in the Geneva negotiations. On this day dedicated to peace and friendship, I wish to assure Secretary Clark and the Canadian people of our intent to make every effort to establish a more secure peace and to uphold the principles and values for which we both stand.

Securing the peace and upholding our common values require us to stand up and be counted in the war against terrorism. Terrorism is a corrosive threat not only to peace but to democratic institutions in today's world. Both our nations have been victimized by terrorists, and we are pledged to work closely together to combat this barbarism. Canada-U.S. cooperation serves as a symbol to all nations that the way to win the war against terrorism is to combine resources and present a united front against this threat.

The Environment

As pioneer peoples in a new world, Canadians and Americans have always shared a love of the land. We also share a deep-rooted interest in protecting the environment for future generations. Together we are implementing the recommendations of the special envoy's report on acid rain; and the United

States has under consideration Canadian proposals for an acid rain accord. Along with Ontario and New York, we have framed a multiyear action plan designed to clean up toxic waste sites along the Niagara River. We are also working closely together on matters of global concern: monitoring global warming trends; protecting the stratospheric ozone layer; and taking steps to assure that Third World development projects are designed with a view to their environmental impact. And, Joe, on the Detroit incinerator, I was expecting you'd refer to yesterday's EPA [Environmental Protection Agency] ruling with some comfort.

Looking to the Future

The agenda facing our two countries is formidable—but full of promise. By working together and with our allies, we can meet those challenges successfully and benefit from all that is positive in our way of life. The future is bright because Canadians, Americans, and other free peoples can bring their unique strengths and advantages to the problems we jointly face.

Not the least of these advantages are the special energies that our political and economic freedoms can unleash. Our own histories demonstrate that there are no limits to what a nation can accomplish when its people enjoy freedom of mind and of spirit, when they are free to invent, free to experiment, and free to dream.

Canada and the United States have a proud past—but we must not be complacent. Neither should we become satisfied with present achievements alone. Rather, we should be bold in facing the future—whether in seeking ways to build a peace less reliant upon the destructiveness of nuclear weapons or in dramatically expanding the benefits of free trade to our peoples. In facing the many challenges that the new age presents, we draw strength from our freedom, from one another, and from the newly democratic nations that are inspired by our heritage. As long as we never lose sight of our fundamental principles, the days of greatest promise for both our countries still lie ahead.

¹Press release 152 of July 6, 1987. ■

Resolving the POW/MIA Issue

Secretary Shultz's address before the 18th annual meeting of the National League of POW/MIA Families on July 18, 1987.¹

I welcome this opportunity to appear once again before the National League of Families; but this occasion, the 18th annual meeting of the league, can bring no pleasure. Instead, I join with you to mark national business still undone and promises still unkept more than 14 years after hundreds of our men were returned to their families during Operation Homecoming.

Those years have not diminished our resolve to gain the fullest possible accounting for our missing men. Our efforts have, in fact, intensified with time. When the President came to office in 1981, he brought with him a personal commitment to the missing and to you, their families—a commitment he made for the entire government when he identified the POW/MIA [prisoner of war/missing in action] issue as a matter of the highest national priority. That commitment remains rock solid.

Drawing on the resources of many agencies within our government, we have built an experienced and knowledgeable policy team to coordinate the planning and strategy of the POW/MIA effort. Operationally, we have created a large, sophisticated, and top priority intelligence effort as well as a full-scale diplomatic campaign.

I would like to talk a moment about that diplomatic effort. You already know of the bilateral contacts which we have had with the Vietnamese in recent years on both the policy and technical levels. Our negotiators make our points face to face, in the most direct and forceful manner.

Those contacts are only one part of our strategy, however. We keep friends and allies throughout the world briefed on the issue; and more than merely updating them, we ask for and get their assistance. Hanoi hears of our determination from a broad spectrum of visitors, official and unofficial, from Europe, Asia, and the Americas. We use every opportunity to ensure that the Indo-Chinese governments understand our commitment, that there is no confusion, that we are going to see this through.

In spite of our efforts, progress has been painfully slow. We in Washington know that; we know that we must continue to work the issue, looking for new approaches, using new tactics, seeking the initiative. We know that to engage in anything short of a full-court press would betray a sacred trust.

In that spirit, the President has named Gen. John W. Vessey, Jr., as his special emissary on the POW/MIA issue. Many of you know General Vessey. You know how dedicated he is and how effective he is. The Government of Vietnam has agreed to receive General Vessey to discuss the issue in Hanoi. We are working out the final details with the Vietnamese now.

Jack Vessey is a distinguished patriot. His record of achievement as a soldier, his long interest and direct involvement in the issue, and his dedicated service to America all speak to the determination and competence which he will bring to this task. At the same time, we must acknowledge that this issue cannot be resolved through our efforts alone. The answers to the questions so important to us are to be found in Hanoi and Vientiane, not Washington. Only with Vietnamese and Lao cooperation can the fullest possible accounting be achieved.

We are pleased that the Vietnamese Government has accepted our proposal for a visit by a presidential emissary on POW/MIA and other humanitarian issues. We are also pleased that Hanoi has confirmed that the two sides should not link these humanitarian issues with any outstanding political problem between our two countries. We intend to honor that agreement and expect Vietnam's leaders to do the same.

Nevertheless, in spite of these agreements, we must face the possibility that we will not be able to move the issue forward. Recent press reports indicate that Vietnam is raising the concept of humanitarian cooperation as a "two-way street," including economic assistance. Humanitarian reciprocity is one thing, but any attempt to trade information on our missing men for economic aid is another. We cannot agree to this.

In thinking of our unaccounted-for men, we must also think of what they fought for, of what America sought then and seeks today in Indochina and Southeast Asia. We are committed to the sovereignty of smaller nations, to their right to self-determination despite the presence of powerful neighbors. We

are opposed to any and every attempt to displace the rule of law through force.

As a Pacific nation, the United States has a strong interest in the political stability and economic progress of its Asian neighbors. Our own welfare and security are firmly bound to the region and have been for most of this century. In the four decades since the end of the Second World War, a powerful revolution has swept through Southeast Asia, bringing the colonial period to an end, and democratic government moved to the fore. This new freedom has been fostered, supported, and defended by booming free economies—the so-called economic miracle. The only place it hasn't visited is Hanoi, and it's easy to see why.

America has played an important role in this revolution. Three times in the last half century, we have gone to war in Asia. Each time the issue was the same—can one group be allowed to bend another to its will by force? The price of our involvement has been high, as all of you here today know all too well. But despite our failure in Vietnam, our policies have been largely successful. Today political freedom and growing economic prosperity characterize much of the Pacific community.

Though the credit for these achievements belongs, first and foremost, to the peoples of the region, Americans have made important contributions as well. The Americans who actually fought our war in Vietnam, who personally assumed the responsibility of defending America's commitment and security, are owed a special debt of gratitude by the entire nation. Those who died and those yet unaccounted for are honored at the Vietnam Veterans' Memorial, the most visited monument in this capital. The veterans who returned are now beginning to receive their country's long-overdue gratitude.

The unaccounted for, however, neither lie at rest nor are returned to their families. Our country's obligation to them and to you is clear. The President's commitment, and ours, is a matter of simple justice. We are committed to the resolution of the POW/MIA issue. Specifically, we have three goals:

- The return of any and all live Americans;
- The fullest possible accounting for the missing; and
- The repatriation of all recoverable remains.

But our efforts alone are not enough. The Governments of Vietnam and Laos have the information regarding

the fate of hundreds of our missing men. Both governments have repeatedly claimed that they hold no live prisoners. We have called on them to help substantiate those claims by sharing with us the considerable information which they hold.

Some have said that the POW/MIA issue is part of a history that we must put behind us, that we must forget. That counsel is unacceptable. It is unacceptable to the President, to me, to the government, and to the American people. We, too, are anxious to move on, but not at the expense of the missing, their families, and our history.

There are important political issues between Vietnam and the United States. Vietnam's 1978 invasion and continuing occupation of Cambodia, along with its demands for war reparations, ended earlier negotiations aimed at normalizing our political relationship. We join with 114 other nations in calling for the withdrawal of Vietnamese troops from Cambodia and the restoration of Cambodian independence. We believe that the violence which has wracked Cambodia for so many years must be ended and that the Cambodian people must be permitted to determine their own destiny.

I think it is important and necessary to say that the American people bear no animus toward the Vietnamese people. We look forward to reengagement on a political level, as we do to the Cambodian settlement which must precede it. Vietnam must return the political control of Cambodia to the Cambodians—justice and world opinion demand it.

The issue of the missing, however, stands apart—separate from our political differences—as a purely humanitarian matter. The Government of Vietnam has acknowledged that essential distinction on many occasions. There are other humanitarian issues which we wish to pursue as well—Amerasian children, family reunification, and reeducation camp prisoners. Vietnam has said that it has similar concerns it wishes to talk with us about, and we are prepared to address all those matters which are clearly humanitarian in nature. We must get down to business.

In Laos, our progress on the fullest possible accounting has been disappointing. I think the problem is, to some degree, a matter of distrust growing out of the war. Let me clear the air. We wish no ill to the Lao people; we hatch no plots against its government. Our relationship should and can grow naturally over time. The issue of our unaccounted for, however, blocks that growth and sours the relationship between our governments and people.

Both Laos and the United States have much to gain by encouraging sustained cooperation in achieving an accounting. Here, too, we have to get down to business.

Before I conclude, let me briefly mention something that bothers me, as I am sure it does you—the misinformation that unfortunately surrounds the POW/MIA issue in the United States. Despite formal reviews by the Administration, the Congress, and a separate review panel that reached clear conclusions of no coverup, rumors continue to be heard. Not an ounce of proof has been offered, but critics discuss the alleged coverup as if it were a fact instead of the fiction it is. These rumors serve you and our miss-

ing men badly. They undermine the effectiveness of our joint efforts, they erode the bonds of trust, and they undermine our unity.

That unity is essential and has served us well. Let me assure you that you have no stronger supporter than President Reagan and that this Administration, under him, is committed to press relentlessly for a resolution of this compelling and tragic problem. We have the strong bipartisan support of the Congress and the interest and compassion of the American people. We are going to see it through.

¹Press release 161 of July 20, 1987. ■

U.S. Policy Toward Mozambique

by Chester A. Crocker

Statement before the Subcommittee on Africa of the Senate Foreign Relations Committee on June 24, 1987. Mr. Crocker is Assistant Secretary for African Affairs.¹

I would like to thank you for the opportunity to address the subcommittee on U.S. policy toward Mozambique. In view of the current high level of interest in that topic, I propose to deal with some of the prevailing myths about Mozambique and our policy toward that critical southern African country. By way of introduction, a little history.

Mozambique's Turn to the West

Mozambique achieved independence from Portugal in 1975 under a government comprised of the national liberation movement FRELIMO (Revolutionary Front for the Liberation of Mozambique). The new government took over from a Portuguese colonial administration that had never achieved full control over the vast and unruly Mozambican countryside, much less established an effective national administrative structure.

Mozambique at independence lacked even the rudiments of a modern economy. The new government inherited a large external debt and a currency that was virtually worthless abroad. With independence, most of the 250,000 Portuguese inhabitants fled, taking with them Mozambique's limited fund of administrative and technical expertise.

Mozambique's workforce was untrained and uneducated; the illiteracy rate at independence was 96%. Given this dismal legacy, it is not surprising that by the late 1970s, factories were running far below preindependence efficiency and agricultural production had dropped sharply in many areas.

With two strikes against it at independence, the new Government of Mozambique proceeded to make matters even worse. FRELIMO tried to implement "socialist" economic and social policies—nationalization of industry and agriculture, rationing, proliferation of unproductive bureaucracy—which eventually brought the nation's economy to a standstill and contributed to the drought-induced famine of the early 1980s. Together with this disastrous course at home, Mozambique in the late 1970s deemphasized its relations with the Chinese and Western nations and opted for a closer relationship with the U.S.S.R., associating itself with Soviet objectives in southern Africa and internationally.

By 1983, faced with economic collapse, a suffocating and unproductive link to Moscow, and a growing insurgency, Mozambican leaders made a fundamental decision to reorient their country's foreign and domestic policies. Under the leadership of the late President Samora Machel, the Government of Mozambique began to change drastically its economic policies, reduce its dependence on Moscow, reassert its independence and nonalignment, and reach out to the West.

Relations between the United States and Mozambique have paralleled this evolution. When I first went to Mozambique in April 1981, relations were at a low ebb: the Government of Mozambique was harshly critical of our policies, and it had just expelled four of our diplomats from Maputo. In mid-1982, however, the Mozambicans signaled their desire to explore a new relationship. After Secretary Shultz and then-Foreign Minister Chissano had a constructive meeting during the 1982 UN General Assembly, we began to see tangible signs of Mozambique's determination to pursue a new course. Hostility gave way to cooperation, public criticism was replaced by more balanced language, and a productive dialogue began.

As hard evidence of Mozambique's new positive course mounted, relations gradually improved. We began working closely with Maputo on the complex effort to negotiate Namibia's independence and Cuban withdrawal from Angola. We also undertook to open channels of communication between Maputo and Pretoria, a process that led ultimately to a series of constructive Mozambican decisions in favor of regional coexistence and opposed to sterile confrontation with South Africa. In September 1985, President Reagan received the late President Machel in the White House. That meeting provided fresh impetus for a U.S. policy of encouraging Mozambique's new direction and working with its government toward peace and stability in southern Africa. Despite President Machel's death in an October 1986 plane crash, the positive momentum of U.S.-Mozambican relations has continued—and even accelerated—under his successor, President Joaquim Chissano.

In view of this history, it is especially ironic that Mozambique got little attention in Washington when it appeared to be firmly committed to socialism, close relations with Moscow, and antagonism toward the United States. Only when Mozambique manifestly changed its course and began to reach out to us and to our Western allies did Mozambique and U.S. policy toward that country become an issue in our own foreign policy debate. That debate has given rise to a number of myths which deserve to be closely examined by Americans who wish the people of Mozambique well and are concerned about advancing U.S. interests in southern Africa.

Affirming Independence and Nonalignment

Despite Mozambique's dramatic reassertion of independence and nonalignment, the myth persists that it remains a compliant client of the Soviet Union. Let's look at the facts. Although Moscow remains Mozambique's largest supplier of military assistance, the trend line of Soviet arms transfers to Mozambique has been down, in sharp contrast to escalating Soviet arms deliveries to Angola. In sharp contrast with the MPLA [Popular Movement for the Liberation of Angola] regime in Angola, Mozambique has never afforded the Soviets military access rights on its territory, nor have Soviet or Cuban combat troops ever been deployed in Mozambique. Today the number of Western advisers in Mozambique actually exceeds that of advisers from the Soviet Union and its allies.

In foreign policy as well, Mozambique has pursued a courageous course that clearly distinguishes it from Angola and separates it from Moscow in southern Africa and internationally. In 1984, the Government of Mozambique, in the face of active Soviet opposition, signed the Nkomati agreement under which Mozambique and South Africa agreed not to support insurgent movements on the territory of the other party. Mozambique has complied with its commitments under Nkomati, expelling guerrillas of the exiled African National Congress (ANC) from its territory and taking steps to prevent ANC operations against South Africa from Mozambique.

Despite evidence of post-Nkomati South African assistance to the Mozambican insurgent movement RENAMO [Mozambique National Resistance Movement], the Government of Mozambique has continued to affirm its commitment to Nkomati and to seek dialogue and constructive relations with the South African Government while maintaining its steadfast rejection of apartheid. The May 29 South African raid in Maputo and the continuing South African threats against Mozambique are thus both indefensible and contrary to Pretoria's own interests in promoting accommodation with its neighbors, stability in the region, and reduced openings for Soviet bloc influence. The United States continues to believe that strict adherence to the provisions of Nkomati can advance the cause of peace and stability between Pretoria and Maputo.

Mozambique has also played a constructive role elsewhere in southern Africa. It has quietly but effectively sup-

ported U.S. efforts to negotiate with the MPLA regime in Angola—negotiations directed at obtaining the withdrawal of Cuban forces from Angola and the implementation of UN Security Council Resolution 435 for the independence of Namibia. Mozambique has been a steady and clear-headed voice in the councils of the front-line states against a self-defeating cycle of sanctions and retaliation against South Africa and for a greater role for regional moderates and friends of the United States, such as Zaire.

After a period of tensions with neighboring Malawi in the fall of 1986, the Government of Mozambique has sought actively to reduce these tensions through a successful bilateral security dialogue. As a result, Mozambique and Malawi are working together to rehabilitate the Nacala rail line, and Malawi has deployed its forces along that critical rail link to protect it against RENAMO attacks. Zimbabwe and Tanzania have made larger proportional commitments to Mozambique's efforts to cope with RENAMO's offensive against Mozambique's transport and economic infrastructure. It is worth noting in this connection that regardless of their political complexion, all of Mozambique's black-ruled neighbors—from Botswana to Zambia—are providing concrete support to the Mozambican Government and oppose the South African-inspired destabilization effort to which it is being subjected.

No country in southern Africa has worked more consistently than Mozambique with the United States to further the cause of peace and stability in southern Africa. Farther afield, Mozambique no longer votes with the U.S.S.R. in the United Nations on such international questions of overriding importance to Moscow as Afghanistan and Cambodia. In short, Mozambique has, over the past 5 years, evolved a more independent, nonaligned foreign policy course that has distanced it from Moscow.

From Socialism to a Sensible Economic Recovery Plan

Another myth about Mozambique holds that the Mozambican Government is seeking Western economic assistance to bail out a failed experiment in socialism. In reality, Mozambique made its break with socialism because of disillusionment with statist economic policies and with no guarantees in advance that significant Western help would be forthcoming. At a time when many other governments are retreating from economic

reform programs, Mozambique has reached agreement with the IMF [International Monetary Fund] and World Bank on a tough and sensible economic recovery plan that sources in those institutions tell us is the most far-reaching such program undertaken by any African country. Maputo has already undertaken a sharp currency devaluation and moved aggressively to expand private economic initiative.

Since 1984, at least 30 firms in the light industry sector have been privatized. In the same way, the government has returned large tracts of land from state farms to private farmers. We anticipate further moves in the period ahead to expand individual land tenure in Mozambique. To attract new capital, foreign investors are encouraged to form joint ventures or wholly owned operations and are guaranteed the right to repatriate their earnings. In an impressive vote of confidence in Mozambique's new economic course, the Paris Club has just granted Mozambique some of the most favorable terms it has ever offered for rescheduling of external debt. It is important that we and others who believe in freedom of economic opportunity respond positively to a country that has made a courageous effort to turn away from failed statist economic policies.

Human Rights and Humanitarian Relief

Mozambique is a country with enormous human problems, including a critical food situation exacerbated by insurgency and drought. It is sometimes asserted that the United States has allowed political considerations to hobble our response to Mozambique's human needs. This myth is also untrue. In response to UN appeals, the United States has pledged 194,000 tons of food, \$3 million for logistical support, and \$3.5 million for health. The U.S. commitment is approximately \$75 million.

The insurgency in the countryside has created problems for food deliveries and other relief operations and even for the maintenance of normal social services. The American private voluntary agency CARE has lost 12 food delivery trucks because of RENAMO attacks during the last 2 years, and the UN Children's Fund (UNICEF) has reported that RENAMO insurgents have destroyed 718 clinics since 1981. The United States is working closely with the International Committee of the Red Cross (ICRC) and other international agencies to arrange distribution of relief

supplies in conflict areas. We will continue to support ICRC's quiet diplomacy with all the parties on the ground to achieve better access to the victims in conflict areas and ensure that all hungry Mozambicans are fed.

A word is in order about Mozambique's human rights record. It is far from perfect, and we have said so clearly in the Department's annual human rights report to Congress and elsewhere. At the same time, there are some impressive positive trends, especially in the government's relations with Mozambican churches. Most churches that were closed after independence have been reopened. The government also recently allowed 1,300 Jehovah's Witnesses expelled after independence to return to Mozambique.

The government has given the Roman Catholic Church permission to build a new seminary in Maputo. Pastoral letters by Mozambique's Catholic bishops have circulated freely, despite criticism of government policy or discussion of controversial topics. On his recent European trip, Chissano had a cordial meeting with Pope John Paul II, thus maintaining momentum toward productive relations between the Vatican and the Government of Mozambique. There will be no relaxation of our strong, consistent advocacy of individual human rights in Mozambique. This is a special concern of Ambassador-designate Wells, which I am sure she will pursue with skill and dedication when she takes up her duties.

Support From the West

Another of the myths about our policy toward Mozambique is that it puts us out of step with our friends and allies and the forces of freedom. The reality, however, is that our NATO and Asian allies and friends continue to expand and deepen their support for the Government of Mozambique. No Western democracy supports RENAMO. No country in the world has relations or official contacts with it. Even South Africa, which converted RENAMO from a nuisance into a well-armed rebel group, recognizes the Mozambican Government and conducts its dealings with RENAMO on a clandestine basis. Western economic assistance to Mozambique dwarfs that of the Soviet bloc, and our allies are assisting Mozambique in the security field as well. In 1986, the British began training Mozambican army personnel and conducted a very successful naval ship visit to Mozambique.

Other NATO governments have also developed productive security relationships with Mozambique.

President Chissano's first trip to Europe was to London and Rome, not Moscow. Chissano met with Prime Minister Thatcher on May 6, 1987, for talks described by the British as "exceptionally warm." During his visit, the British Government announced that it would provide \$25 million in additional economic assistance to Mozambique. In addition, the British are increasing military training assistance to the Mozambican Army and, like the United States, have assigned a resident military attaché in Maputo.

In Rome, President Chissano met with President Cossiga, Prime Minister Fanfani, and Foreign Minister Andreotti, Italy, which provides more economic aid to Mozambique than any other country, has announced a cancellation of the Mozambican debt and a \$38-million emergency assistance program for Mozambique.

Both the British and the Italians were impressed by President Chissano's moderate stance. They and our other allies are clearly committed to a policy of encouraging Mozambique's westward turn and eroding Soviet influence in a key southern African country. They look to the United States to continue our own similar policy and to do more to support their efforts.

RENAMO: An Alternative?

Another persistent myth about Mozambique holds that the insurgent movement RENAMO is a democratic alternative to the Government of Mozambique. Here again, a little history is in order.

RENAMO was created by the Rhodesian secret services in 1977 to punish Mozambique for that country's assistance to Zimbabwean liberation movements. With Zimbabwean independence in 1980, sponsorship of RENAMO was taken over by the South African Defense Force. South African direct support for RENAMO diminished after the Nkomati accord and as RENAMO capture of weapons and equipment inside Mozambique reduced its requirements for South African hardware. However, there is credible evidence that South Africa remains a reliable supplier of high-priority items that RENAMO is not able to acquire on its own.

In 1984, the Government of Mozambique made an effort to negotiate with RENAMO with South Africa as an intermediary. At the critical moment in those

talks, RENAMO inexplicably walked out of the negotiations. Since then, the insurgency has followed an inconclusive pattern of a rural guerrilla conflict. RENAMO scored some significant successes in the fall of 1986, but Mozambican and Zimbabwean forces regained the initiative in the first few months of 1987. With neither the government nor RENAMO in position to win a military victory in the foreseeable future, the conflict in Mozambique is likely to be characterized by ebb and flow of the combatants' military fortunes, with the long-suffering Mozambican people the real losers.

RENAMO appears to draw most of its adherents from the Ndau-Shona tribal group of central Mozambique. It has shown little capability to expand its political influence in other areas of the country or to create a cohesive political organization, even in areas where it has ethnic support. Credible reports of RENAMO atrocities against the civilian population have undercut its popular appeal, as have increasingly apparent divisions among its military and political leaders. We have heard reports that RENAMO recently began hitting civilian targets in Zimbabwe. One such incident, in Rushinga district in northeastern Zimbabwe, resulted in the death of more than a dozen villagers, including four or five children. In addition, RENAMO has claimed responsibility for the kidnaping on May 13, 1987, of a group of seven foreigners from five countries, including an American citizen. The United States has and will continue to do everything in its power to bring about the early safe release of these hostages, but at this point, they remain in RENAMO hands.

Despite this record, there are those who would have us initiate an official relationship with RENAMO. Advocates of this position might find instructive this excerpt from a recent BBC interview with the Archbishop of Maputo, Jose Maria Dos Santos. When asked whether he or other Mozambican bishops might talk to RENAMO's leaders, Archbishop Dos Santos replied: "We don't know who the leaders of RENAMO are, and we don't know how to contact them. It is very difficult. We have no relationship with these people." These comments by a prominent Mozambican not associated with the government but interested in promoting an end to the fighting indicate that RENAMO lacks a credible political identity where it really counts—in Mozambique itself.

In addition, a U.S. official relationship with RENAMO would isolate us

from our allies and our African friends and provide the Soviets with an opportunity they would be only too happy to exploit. With the exception of South Africa, Mozambique's neighbors, regardless of their political complexion, support the Government of Mozambique against the insurgents and would regard official contact with them by Western governments as a hostile act implying endorsement of South African destabilization efforts. We will continue to operate within this Western/African consensus.

The United States and the Mozambican Conflict

Our skepticism about RENAMO has sometimes been incorrectly portrayed as U.S. Government advocacy of a military solution to Mozambique's problems. I welcome the opportunity to refute this myth and to reaffirm our consistent conviction, in Mozambique as elsewhere in southern Africa, that military conflict cannot solve political problems. Mozambique's pressing human and economic problems cannot be solved as long as the devastation of civil strife continues. It is the policy of the United States to use whatever influence is available to us, as we do everywhere in the region, to encourage an end to hostilities and peaceful solution of conflicts.

The United States has in the past, when circumstances were propitious for doing so, promoted contact between the Government of Mozambique and RENAMO. For example, we did so in connection with negotiations between them that followed the conclusion of the Nkomati accord between Mozambique and South Africa. Should further opportunities arise for us to play a similar role in ending hostilities between the government and the insurgents in Mozambique, we will not hesitate to undertake that role. We must, nonetheless, realize that Mozambicans themselves must be the primary architects of a peaceful future for their country.

The Wells Nomination

I could not close my testimony today without a direct appeal to you and your colleagues to act on President Reagan's nomination of Melissa Wells to be our Ambassador to Mozambique. It has been more than 8 months since the President nominated Ms. Wells to take on a tough job for which she is superbly qualified. This nomination has been favorably and overwhelmingly reported to the floor by

the Senate Foreign Relations Committee. Ms. Wells has answered numerous written questions. I hope the Senate will act promptly on this nomination.

U.S. Policy: Building on Success

The fate of Mozambique is a critical issue for all of independent southern Africa and for U.S. interests in that key region. Even a quick look at a map of the region indicates why this is so. The road, rail, and pipeline corridors through Mozambique represent virtually the only transport egress for southern African countries that is not dominated by South Africa. All the independent countries of southern Africa, including democratic Botswana and staunchly pro-Western Malawi and Zaire have a vital stake in keeping those transport links open and in preventing the regional instability that would surely follow their closure by violent means. Mozambique is thus the key policy question by which southern Africans judge the intentions of the United States and other foreign countries toward the region.

Because of Mozambique's key position, the success of our efforts to promote peace and stability in southern Africa depend importantly on how we handle the critical issue of relations with that embattled country. The policy of the Reagan Administration has helped to bolster a conscious decision by the Government of Mozambique to reduce its dependence on Moscow and move toward genuine nonalignment and improved relations with the West. In so doing, we have reduced Soviet influence in southern Africa and advanced prospects for regional peace and stability. This successful course has the support of our allies and our African partners and has placed the Soviets squarely on the defensive.

We intend to stay with it because it is good for the people of Mozambique, good for the region, and good for U.S. 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. ■

Visit of Chad President



President Hissein Habre of the Republic of Chad made an official working visit to Washington, D.C., June 18-23, 1987, to meet with President Reagan and other government officials.

Following are remarks made by the two Presidents after their meeting on June 19.¹

President Reagan

We welcome President Habre to Washington as the leader of a nation that has recently beaten back the violent aggression of an outlaw state. In winning its stunning victories, Chad has acted to preserve its freedom and handed a forceful message to aggressors. That message is: African nations will defend their sovereignty and foreign aggression will be defeated.

In our discussion today, President Habre and I reviewed some of the events that led to this aggression. We also discussed the current situation in Chad. The United States has proudly joined France, Zaire, Egypt, and other friends in the effort to provide President Habre's government the means to fight and win. Although the struggle is not

over, we believe the victories on the Chadian desert bode well for peace and stability in Africa. Chad's triumph underscores the valor of the Chadian people and makes clear that they and other African peoples will remain free and independent.

Chad's accomplishment is admired by the free world and will benefit all of Africa. By shoring up regional stability, Chad has helped its neighbors, who now can focus more of their energy and resources on country-building endeavors. Unfortunately, Chad and neighboring countries must remain vigilant against new threats, but Chad now knows it can count on its friends. For our part, the United States is committed to maintaining an appropriate level of security assistance to Chad.

In our meetings, President Habre and I also looked to his country's future economic and development needs. Years of warfare have left Chad's economy in ruins. Reconstruction efforts have been set back by a cycle of severe drought, locust plagues, and other problems. For our part, the United States has tried to help to the degree possible in each emergency, yet the challenge remains

great. Today we maintain an innovative, flexible program of development aid and budgetary support for Chad in an effort to move its fundamental economic situation.

Today President Habre emphasized that his government is committed to building a better life for the Chadian people, committed to reconstruction and economic growth. I assured him that we will continue to do our best to work with France and other steadfast partners in the international effort to help reach President Habre's laudatory goals.

President Habre and I discussed a number of issues of international and regional concern, as well. We noted, for example, that this week marks the anniversary of the terrible riots in the South African township of Soweto. It is our mutual hope that the parties in South Africa will show the courage to work toward a peacefully negotiated end to the scourge of apartheid.

Finally, the friendship between Chad and the United States reflects our shared commitment to freedom and international cooperation. President Habre and I are convinced that the relationship between our countries will continue to be strong and productive, one which will serve the interests of both our peoples. It was an honor and a great pleasure to have had him here as our guest.

President Habre

May I, first of all, thank you for your very kind words directed to me and for my country. May I also express my thanks to you very sincerely for the invitation that you extended to me to visit your country and to tell you how honored I am by your very warm welcome and by the very special attentions bestowed upon my delegation and myself since we arrived in your great country, the United States, pioneer in the struggle for independence and champion of the defense of freedom. In this connection may I say, at the risk of hurting your modesty, that your vigorous action at the head of the United States has enabled you to give new luster to these essential values: the independence of all people, liberty of all nations. Our visit is also an excellent illustration of the strong and very good relationship of friendship, cooperation, and solidarity that are so active and so interactive between our two countries.

The constant and varied assistance and support of the United States has been very valuable to us in our legitimate struggle for the defense of

our dignity, of our independence, and of the integrity of our territory against Libyan expansionism and colonialism. And this is, indeed, the place to express our deep gratitude to yourself, Mr. President, to the American people, for your solidarity with the people of Chad, who were so unjustly aggressed and humiliated. It is, indeed, thanks to your firm commitment and that of our other friends on the side of justice and law—it is, indeed, because of that that the Chadian people yesterday recovered the greatest part of the territories that had been taken away.

As you yourself have stressed so aptly, Chad remains under threat and must pursue its fight in order to put an end once and for all to encroachments upon our freedom and in order to live in peace. I know, therefore, with great gratification after my discussion with President Reagan, the reaffirmed determination of the United States to help Chad complete the national liberation task and tackle, in a lasting manner, the battle for the economic and the social development of our nation to foster the welfare of our people.

We in Chad, as you in the United States, cherish to the highest degree, peace, freedom, justice, protection of human rights; and we firmly believe in coexistence among nations and peoples. Because Chad has suffered—and continues to suffer—in body and soul from the lack of peace and the violation of these rights, we feel great solidarity with all those who are victims of oppression and racism—[who] wage their own liberating struggle. And we know what an important and determining role you, President Reagan, and your country play in this entire process so that mankind will be immune from the major threat against it.

That is why we are greatly confident to know that relations between the United States and Chad are of the most excellent character, and that we are determined to work together to give them new impetus in strengthening our cooperation so that we may help bring about a world with greater justice and solidarity.

¹Made at the South Portico of the White House (text from Weekly Compilation of Presidential Documents of June 22, 1987). ■

Negotiations on Intermediate-Range Nuclear Forces

Introduction

Significant progress has been made toward a U.S.-Soviet INF agreement which would meet NATO security criteria. Such an agreement would—for the first time in history—drastically cut or completely eliminate entire classes of nuclear missile systems. However, despite this progress, several difficult issues remain. Resolving these issues—including verification—will demand considerable hard bargaining. The United States will continue to do its part to resolve these issues, but the Soviet Union has yet to show the same commitment.

This progress has been possible because of the vigorous, unified NATO response to destabilizing Soviet deployments of SS-20 missiles in Europe beginning in 1977. In 1979, NATO made a “dual-track” response to the growing imbalance in INF: (1) phased deployment of U.S. LRINF missiles in Europe and (2) concurrent negotiations with the Soviets to establish a global balance in these missiles at the lowest possible level. Despite concerted Soviet efforts to undercut this decision, NATO remained steadfast in its resolve. NATO cohesion and determination have been instrumental in convincing the Soviets to negotiate seriously on INF.

Recent Developments

Following an announcement by President Reagan on March 3, 1987, the United States presented a draft INF treaty text at the nuclear and space talks at Geneva. The draft U.S. treaty reflected the basic structure of the agreement reached by the President and General Secretary Gorbachev during their October 1986 meeting at Reykjavik, Iceland—an equal global limit of 100 warheads on LRINF missiles for the United States and U.S.S.R., with none in Europe, and constraints on SRINF missiles as an integral part of an INF agreement. The Soviet Union presented its own draft treaty on April 27, which included many of the same elements.

In mid-April 1987, Secretary Shultz met with General Secretary Gorbachev and Foreign Minister Shevardnadze in Moscow. During these meetings, Mr. Gorbachev proposed the global elimination of U.S. and Soviet shorter range

INF missiles. (The United States has no deployed SRINF missiles; the Soviet Union has more than 100 such missiles.) The United States then consulted intensively with its NATO allies on the security implications of zero SRINF. At the June 11-12, 1987, meeting of the North Atlantic Council, NATO foreign ministers supported the verifiable global elimination of all U.S. and Soviet SRINF missiles. Subsequently, President Reagan announced on June 15 that the United States would support the global elimination of U.S. and Soviet SRINF missiles, provided it was effectively verifiable, an integral part of a bilateral INF agreement, and included the Soviet SS-12 and SS-23. The United States presented this SRINF proposal at the NST in Geneva on June 16 and also emphasized the continued U.S. preference for the global elimination of U.S. and Soviet LRINF missiles.

U.S. Draft INF Treaty

The U.S. draft INF treaty text, which the United States began presenting to the Soviets in Geneva on March 4, 1987, currently provides for:

- Phased reduction of LRINF missile systems to an interim global ceiling of 100 warheads on LRINF missiles for the United States and the Soviet Union respectively—with none in Europe—by the end of 1991. U.S. LRINF missile warheads would be permitted on U.S. territory, *including Alaska*, and Soviet LRINF missile warheads would be permitted in Soviet Asia.
- Global elimination of U.S. and Soviet SRINF missiles (to include the

Acronyms

INF—Intermediate-range nuclear forces
 GLCM—Ground-launched cruise missiles
 NATO—North Atlantic Treaty Organization
 NST—Nuclear and space talks
 LRINF—longer range INF
 SRINF—shorter range INF

Soviet SS-23 and SS-12) as an integral part of an INF agreement.

- A comprehensive verification regime.

The United States—with the full support of its allies—has emphasized since the beginning of the INF negotiations in 1981 that it prefers global elimination of all U.S. and Soviet LRINF missiles. This would greatly facilitate verification of an INF agreement. In addition, the United States emphasizes that the INF negotiations are bilateral and do not include third-country systems or affect U.S. patterns of cooperation with its allies.

Verification

A number of important issues must be resolved before concluding an INF agreement. One of the foremost is verification. The United States and its allies have emphasized from the outset of negotiations that any INF agreement must be effectively verifiable if it is to enhance stability and reduce the risk of war. U.S. objectives in this regard are threefold:

- Enhance confidence in the agreement, which in itself will contribute to greater security and stability in Europe and Asia.
- Deter violations by increasing the likelihood of detection.
- Permit quick detection of any violations, thereby providing timely warning of a potential or real threat to allied security.

To achieve these objectives, the United States has proposed a verification regime to foster compliance with treaty provisions and to deter prohibited production, storage, or deployment of treaty-limited systems and related military equipment. This verification regime consists of six basic elements:

- Specification of areas and facilities where missile systems limited by the treaty must be located, with a prohibition against having them elsewhere. (This is essential since the systems to be limited by an INF treaty are mobile and otherwise might be located virtually anywhere.)
- Reciprocal exchange prior to entry into force of the treaty of a specified, comprehensive set of data related to treaty-limited systems and their support facilities and equipment.
- Reciprocal updating of this data.
- Specialized procedures for verifying destruction, dismantlement, and conversion of LRINF systems, including onsite inspections.

- Onsite inspection/monitoring. This element includes (1) a one-time comprehensive inspection shortly after the treaty comes into force to confirm baseline data related to treaty-limited systems; (2) inspections to verify elimination of systems reduced under provisions of the treaty; (3) short-notice inspections at U.S. and Soviet "declared" facilities; (4) short-notice inspections at other U.S. and Soviet facilities; and (5) continuous monitoring of certain critical U.S. and Soviet facilities for the production, final assembly, repair, and storage of treaty-limited systems.

Missile Ranges

Range	Category
More than 5,500 km	Strategic nuclear forces
500–5,500 km	Intermediate-range nuclear forces
• 1,000–5,500 km	Longer range INF missiles
• 500–1,000 km	Shorter range INF missiles
Less than 500 km	Short-range nuclear forces

- Use of, and noninterference with, national technical means of verification; a requirement for the broadcast of engineering measurements on missile flights; a ban on encryption; and a ban on concealment measures that impede verification.

While recognizing that no verification regime is foolproof, the United States believes that a comprehensive verification regime with clearly delineated and stringent verification obligations—such as included in the U.S. draft treaty—would provide the best means of ensuring that the Soviets do not violate treaty provisions.

The Soviet Union has agreed in principle to some of the basic verification components which the United States requires, including data exchange, onsite observation of dismantlement and destruction, and onsite inspection of LRINF missile inventories and associated facilities. However, they have yet to provide many essential details or agree to onsite inspection of suspect sites.

West German Pershing I-As

The Soviets have recently contended for the first time that U.S. warheads on West German Pershing I-A missile systems must be included as part of a U.S.-Soviet agreement to eliminate SRINF missiles. The U.S. position is clear: the INF negotiations are bilateral, cover only U.S. and Soviet missiles, and cannot involve third-country systems or affect existing patterns of cooperation with allies. NATO allies strongly support this position. The Soviets did not previously raise the issue of West German Pershings; to do so at this late date suggests they seek to create artificial new obstacles to a successful conclusion of the INF negotiations.

Prospects

Resolution of these and other outstanding issues will be difficult. The United States will continue to do its part to resolve these issues, but the Soviet Union has yet to show the same commitment.

Background

Soviet Nuclear Buildup. In the 1950s and early 1960s, the U.S.S.R. deployed SS-4 and SS-5 missiles targeted against Western Europe. Approximately 575 were in place by mid-1977. During the 1950s, the United States deployed fewer numbers of roughly equivalent missiles—the Mace, Thor, and Jupiter—in the United Kingdom, Italy, Germany, and Turkey. However, the United States unilaterally withdrew and retired these systems in the early 1960s. We were able to do so because of superior U.S. strategic forces, which provided an adequate deterrent to Soviet aggression and intimidation against Western Europe.

Two critical developments—Soviet achievement of rough strategic parity with the United States and Soviet deployment of SS-20 missiles—came together in the 1970s to alter the situation.

The SS-20 deployments, which began in 1977, represented a qualitative and quantitative change in the European security situation as well as a threat to the security of our Asian allies and friends. The SS-20 is more accurate than the SS-4 and SS-5. The SS-20 is also mobile and can be redeployed quickly. Finally, the SS-20 carries three independently targetable warheads, as opposed to the single warhead of the earlier missiles, and its launchers are

capable of being reloaded rapidly to fire additional missiles. As of July 1987, the Soviets have deployed 441 SS-20 missile launchers worldwide with a total of 1,323 warheads. In addition, the Soviets retain 112 deployed SS-4 missiles.

As the Soviet SS-20 missile force grew with no countervailing U.S. missiles deployed in Europe, European members of NATO raised the concern that Moscow might come to believe—however mistakenly—that U.S. strategic forces could be decoupled from the alliance's defense of Europe. Such a misconception could call into question the NATO strategy of nuclear deterrence and flexible response which has kept the peace in Europe for four decades. West European leaders stressed the need for a strong NATO response.

NATO Response. Following intensive alliance-wide consultations, NATO decided in December 1979 on a simultaneous "dual-track" response:

- One "track" was to redress the INF imbalance through **deployment in Western Europe**, starting in 1983, of 572 U.S. longer range INF missiles—108 Pershing II ballistic missiles and 464 ground-launched cruise missiles—over the following 5 years. Although this would not match the Soviet SS-20s warhead for warhead, it would provide a response sufficient to maintain a credible deterrent. By December 1986, the United States had deployed 316 LRINF missiles—108 Pershing IIs and 208 GLCMs.

- The second "track" called for the United States to pursue **negotiations with the Soviets** to establish a global balance in U.S. and Soviet LRINF missiles at the lowest possible level. Any agreement on LRINF also would need to constrain U.S. and Soviet shorter range INF missiles at equal global levels to prevent circumvention of an accord on LRINF missiles by a buildup of the shorter range systems. The United States and the NATO allies emphasized that they were prepared to limit, amend, or even reverse U.S. LRINF missile deployments if warranted by the outcome of negotiations.

The "Second Track." The Soviets initially refused to negotiate, imposing the condition that NATO must first renounce its plans to deploy LRINF missiles. The Soviets then proposed a "moratorium" on INF deployment in Europe. This would have codified their monopoly in LRINF missiles which NATO had just agreed was unacceptable.

Deployed INF Missiles, December 31, 1986

	System	Approximate Range	Launchers (Missiles)	Warheads
LRINF				
U.S.S.R.	SS-20	5,000 km	441 (441)	1,323
	SS-4	2,000 km	112 (112)	112
U.S.	Pershing II	1,800 km	108 (108)	108
	GLCM	2,500 km	52 (208)	208
SRINF				
U.S.S.R.	SS-12	900 km	100 +	100 +
	SS-23	500 km	Being deployed	
U.S.	None			

able. NATO rejected this ploy. Only after Moscow recognized that NATO was determined to proceed with deployments in the absence of negotiated limitations did the Soviets finally agree, in the fall of 1981, to negotiations on INF.

Principles of U.S. Approach to INF Negotiations. The U.S. approach to the INF negotiations has been developed through extensive consultations within the alliance and is based on five fundamental principles:

- Agreement must provide for equality of rights and limits between the United States and the Soviet Union.
- Agreement must include U.S. and Soviet systems only.
- Limitations must be applied on a global basis, thus prohibiting the transfer of the threat from one region to another.
- NATO's conventional defense capability must not be weakened.
- Any agreement must be effectively verifiable.

Negotiations. Formal talks with the Soviet Union began in November 1981, at which time the United States proposed to ban or eliminate all U.S. and Soviet LRINF missile systems, including Soviet SS-20s, SS-4s, and SS-5s and the U.S. Pershing IIs and GLCMs. The Soviets rejected this proposal. Although this global "zero option" remains the preferred U.S. outcome, the United States in March 1983 proposed an interim agreement for equal global limits on LRINF missile warheads at any number below the planned U.S. deployment level of 572.

The Soviets walked out of the INF talks in November 1983, protesting the deployment of the first U.S. LRINF missiles in Europe, although they had continued to deploy their SS-20 missiles throughout the negotiations. From the beginning of the negotiations until the Soviets walked out, the effect of all Soviet proposals would have been to prevent the deployment of a single U.S. Pershing II or GLCM, while allowing the Soviets to retain a formidable arsenal of SS-20s in the western military districts of the U.S.S.R. and to continue their buildup of SS-20s in Asia. Soviet proposals also would have removed from Europe hundreds of U.S. aircraft essential to NATO's conventional defense.

As one pretext for this unbalanced outcome, the Soviets claimed their SS-20s compensated for the independent strategic nuclear forces of Britain and France. Coupled with Soviet refusal to include SS-20s based in Soviet Asia in the talks, this amounted to a Soviet assertion of the right to match the forces of all other nuclear states combined and thus to codify nuclear superiority over each of them. NATO consistently rejected this Soviet demand.

In January 1985, the Soviets agreed to resume negotiations. In March 1985, the United States and the Soviet Union began a new set of arms control negotiations—the nuclear and space talks—which include INF.

In November 1985, the United States offered to limit Pershing IIs and GLCMs deployed in Europe to 140 launchers—the number deployed as of December 31, 1985—if the Soviet Union

would reduce to 140 the number of SS-20 launchers deployed within range of NATO Europe and make concurrent and proportional reductions to the SS-20 force deployed in Asia. The Soviets rejected this offer.

At the November 1985 Geneva summit, President Reagan and General Secretary Gorbachev agreed to accelerate work toward an interim INF agreement. At their October 1986 meeting in Reykjavik, the two leaders agreed in principle to an equal global limit of 100 warheads on LRINF missiles for each side, with none in Europe. The remaining LRINF missiles would be deployed in Soviet Asia and on U.S. territory, respectively. Thus, for the first time since the 1950s, Europe would be free of LRINF missiles.

At Reykjavik, the Soviets also explicitly dropped their longstanding insistence that British and French forces be included in an INF agreement. In addition, the United States and the Soviet Union agreed in principle to constrain SRINF missile systems as an integral part of an INF agreement. However, at Reykjavik General Secretary Gorbachev insisted on a "package" agreement linking INF to strategic arms reductions and defense and space issues, particularly the Strategic Defense Initiative.

Following the Reykjavik meeting, the United States presented a proposal at Geneva incorporating the common ground reached at Reykjavik. In November 1986, the Soviets took some new steps as well by presenting a proposal that partially reflected the headway made at Reykjavik. However, the Soviets continued to insist until the end of February 1987 that there could be no separate agreement on INF. On February 28, 1987, General Secretary Gorbachev changed course and announced that the U.S.S.R. was now ready for a separate INF agreement—a reversal of the Soviet position since the October 1986 meeting at Reykjavik. The United States capitalized on this development by presenting a draft INF treaty text at Geneva in March. The U.S. draft text reflects the basic structure of an INF agreement as agreed by the two leaders at Reykjavik. The Soviet Union presented its own draft on April 27. On the basis of these two texts, U.S. and Soviet negotiators in Geneva currently are working on a joint draft treaty text. ■

Verification in an Age of Mobile Missiles

by *Kenneth L. Adelman*

Address before The City Club in San Diego on June 26, 1987. Mr. Adelman is Director of the U.S. Arms Control and Disarmament Agency.

One of the areas of arms control that the American people feel most strongly about, opinion polls consistently show, is verification. Exact numbers vary, but polls generally indicate that about 80% of the public disapprove of arms agreements that cannot be effectively verified, and I think rightly so.

However, the American attitude toward verification is a bit paradoxical. On the one hand, we seem to care very much about it. On the other hand, we sometimes tend to take it for granted.

Verification is one of those fields where we have become, to some extent, victims of our own success. It took quite a number of years to persuade the American people and Congress that satellites and other electronic intelligence could make possible arms control agreements that otherwise would be beyond our reach. Such methods are referred to euphemistically in arms control treaties as each nation's "national technical means" of verification.

The use of satellites to verify arms control agreements was probably the single most important breakthrough in arms control in the 1960s and 1970s. It made feasible the SALT [strategic arms limitation talks] agreements of the 1970s. Up to that time, the Soviet obsession with secrecy, and the refusal of the Soviet Union to permit overflights of Soviet territory or onsite inspection in any form, made such arms limitation agreements unwise, if not impossible.

However, now that Americans have become convinced of the supposedly wondrous things we can do with our reconnaissance satellites, it is sometimes difficult to persuade them that these tools have some real limitations. There is much misinformation in the public domain concerning the capabilities of satellites.

Verification More Difficult

My message this afternoon may, therefore, strike you as a bit surprising: today it is tougher, not easier, than it was 10 years ago to guarantee effective

verification of arms control agreements we may sign with the Soviet Union. Why? Basically three reasons:

- First, technology. Owing to advances in technology, nuclear weapons systems today are becoming smaller and more mobile and hence a lot more difficult for satellites to find, much less track.

- Second, Soviet noncompliance. While we have always understood that the Soviet Union was capable of violating agreements, the strong presumption in the 1970s was that it was unlikely that the Soviet Union would violate arms control agreements. However, we now know that the Soviets are capable of violating arms control agreements—in fact, we know that they are engaging in serious violations of major arms agreements at this very moment. Consequently, in negotiating future agreements, including their verification measures, we have to take the real prospect of Soviet noncompliance into account. Soviet noncompliance is a big problem for which we do not yet have an entirely satisfactory answer.

- Third, increasing Soviet concealment and deception. A number of Soviet violations involve forbidden forms of concealment. In general, we have seen an increasing pattern of concealment and deception. Improvements in technology only exacerbate this problem.

Underlying Problem of Soviet Secrecy

The basic, underlying problem in all this is the continuing Soviet obsession with secrecy. Despite all the talk under Gorbachev about a new "openness" or *glasnost* in Soviet society, the Soviet regime remains today as secretive as ever. What we have seen from the Soviets thus far in this respect is, for the most part, a change in rhetoric rather than a change in policy. Soviet secrecy continues to be one of the major barriers to getting effective arms control and remains a destabilizing influence in U.S.-Soviet relations.

Add to all this the fact that today in our START [strategic arms reduction talks] proposals we are trying to get at more meaningful measures of strategic capabilities. We are attempting to reduce the total number of missiles, the number of warheads, and the throw-weight

of missiles—factors that directly affect the strategic balance. And we are going for deep reductions. But all this puts added demands on verification.

So here we stand, over a decade and a half since the SALT process got underway. Rather than seeing an easing in the difficulties of verifying arms agreements, we find that verification is becoming harder and harder to achieve. Let me say more about the three trends I mentioned.

Problems of Size and Mobility

First, the move to smaller, more mobile systems.

Whatever else you might say about the SALT agreements of the 1970s, many of the verification challenges they posed were simpler than those we face today, because the era of the SALT accords was also the era of fixed, silo-based missiles.

Indeed, SALT was in part the product of a coincidence of technologies. First, there was the development of improved national technical means of verification, including the use of satellites. Second, there was the emergence of the silo-based ICBM [intercontinental ballistic missile] as the key weapon in both the Soviet and the U.S. arsenals.

The whole logic of SALT was based largely on the idea of counting fixed missile silos using satellites. The approach of the United States during SALT was to control what we could effectively verify. The easiest thing to verify, it turned out, was not the number of missiles or the number of nuclear warheads the Soviets had but the number of launchers or silos from which these missiles would be fired.

From the standpoint of verification, silos were a good unit of account because they were easy to keep tabs on. Missile silos are essentially holes in the ground. Holes in the ground stay put. They take many months to build. They cannot be moved around at night. They cannot be driven down the highway to a new location a hundred miles away. You can keep an absolute count on them.

Weaknesses of SALT

That was the strength of using silos. But there were also weaknesses. From the standpoint of meaningful controls on strategic arsenals, silos were a poor choice. Why? Because controls on silos gave you only very indirect controls on the actual size and power of nuclear arsenals. A silo can hold a missile with 1 warhead, or it can hold a missile with 10

separate, independently targeted warheads. By replacing a 1-warhead missile with a higher throw-weight 10-warhead missile, you increase your firepower tenfold without increasing the number of silos. Further, some silos could be reused, indeed the Soviets have practiced reuse of silos. So by controlling the number of silos, you were not really controlling the growth of nuclear arsenals very effectively.

That is part of the reason why under SALT you did not get the kind of arms control I think the American people supposed they were going to get when SALT I was signed in 1972. Since the signing of SALT I, the Soviets have actually managed to increase the number of strategic weapons in their nuclear arsenal by a factor of four. That is hardly minor growth. Even just since the signing of SALT II in 1979, the number of Soviet strategic nuclear weapons has roughly doubled. The qualitative upgrade in Soviet forces has even been greater than the increase in the number of weapons.

Now we face a new problem, and that is the move toward mobility. Today both sides are moving increasingly—the Soviets faster than the United States—toward small, mobile nuclear weapons. Right now the Soviets are deploying, or near to deploying, two major mobile ICBMs—the SS-25 and the SS-X-24. The SS-25, I should point out, also happens to be a violation of SALT II.

Though we are not quite as far along as the Soviets are in this process of moving toward mobility, we have on the drawing board now the proposed rail-garrison basing mode for our MX missile and the small ICBM, or Midgetman, which is also designed to be mobile.

Formidable Problems for Arms Control

Mobile missiles like these—and other mobile systems like cruise missiles—are considerably less vulnerable to attack than the silo-based missiles of yesterday, which is one reason why both sides tend to prefer them. However, mobile missiles are also much harder to monitor. Unlike silos, mobile launchers can be moved around frequently and at night. They can be far more easily concealed. They are difficult to count, because you don't see them all at once. You have to remember that in exercising surveillance on the Soviet Union, we are observing a vast geographical area, a nation 11 time zones wide, covering one-sixth of the earth's land-mass surface.

All this poses formidable problems for arms control. One reason our START proposal includes a ban on mobile

missiles is that it would be far simpler, by orders of magnitude, to verify a ban on such strategic systems than it would be to verify compliance with numerical limits.

Americans expect technology to be constantly advancing, constantly making their lives easier. But that is not necessarily the case with arms control verification. Throughout the 1960s and early 1970s, progress in satellite reconnaissance made verification easier. Now progress in weapons system design is making verification more difficult.

This trend is not all bad. On the one hand, smaller, more mobile systems are harder to monitor, let alone keep track of, and thus harder to verify. On the other hand, from the standpoint of arms control theory, such systems are potentially more stabilizing because they are more survivable. A major theme of arms control theory has always been the promotion of stability—which means the promotion of a situation in which neither side has an incentive to go first in a crisis. It means a de-emphasis on vulnerable first-strike capable forces and an emphasis on survivable retaliatory forces. Small, mobile, survivable systems may contribute to stability even as they complicate our efforts to design verification provisions for new arms control agreements.

Old Assumptions

The second major trend I mentioned is Soviet noncompliance. Fewer than 10 years ago, the almost universal assumption in this country was that the Soviet Union had every incentive not to violate its arms agreements with the United States. Just the chance that the United States would detect a violation would be enough, it was said, to deter the Soviets from cheating. As Harold Brown, President Carter's Secretary of Defense, told the Senate Armed Services Committee in testimony on SALT II in 1979:

In assessing the adequacy of verification we must also consider the likelihood that the Soviets would be tempted to cheat on the limits of SALT II. In most areas, the chances of detection are so high that the issue of the utility of cheating would never arise. My view is that the Soviets would find little advantage in attempting to exploit those other areas where our verification uncertainty is greater.

In defending SALT II, Secretary of State Cyrus Vance told the Senate Armed Services Committee much the same thing:

I think if one takes a look at what they [i.e., the Soviets] have done with respect to agreements in the arms control area, one

comes to two conclusions. They will push ambiguous language to the limit. On the other hand, they will abide by clear straightforward language and carry it out.

The working assumption in those days was twofold: first, that the Soviets would be deterred from violating arms agreements by the mere fact that the United States could detect such violations; and second, that the consequences for the Soviets of violating these agreements would be so grave that they never would attempt it.

Unambiguous Violations

Neither contention has proved out. Take the 1972 ABM [Anti-Ballistic Missile] Treaty. The ABM Treaty is often considered the jewel in the crown of arms control, the central achievement of the SALT process. No one could have mistaken the seriousness with which the United States regarded the ABM Treaty when it was signed. And yet in the early 1980s, we detected a large phased-array radar under construction near Krasnoyarsk in Siberia. By virtue of its location and capabilities, this radar—several football fields across and many stories high—is a blatant violation of the ABM Treaty. It violates a key provision covering such radars, which our negotiators spent hours and hours of hard bargaining to pin down. No one could mistake this violation; and no informed person today disagrees with our judgment that the Krasnoyarsk radar is a violation. Indeed, recently the House of Representatives voted unanimously, 418-0, to declare the Krasnoyarsk radar to be illegal under the treaty. There is nothing ambiguous about it.

Or take SALT II. SALT II, which the United States and the Soviet Union made political commitments to observe, forbids either side from deploying a second "new type" of ICBM. It defines a new type—among other parameters—as differing by 5% in throw-weight of an existing type. In addition to their declared new type—the new mobile SS-X-24—the Soviets, as I have mentioned, have begun deploying the mobile SS-25, a missile with about twice the throw-weight of its predecessor, or 20 times the permitted increase—a clear second new type and clear violation.

SALT II also forbids the encryption of telemetry to impede verification, but the Soviets have been encrypting missile telemetry heavily. Indeed, encryption for some time has been more than 90%. These are not ambiguous cases.

So much for the first contention—that our capacity to detect violations

would deter the Soviets from committing them. Such capacity has not deterred. The Soviets have violated arms control treaties; in fact, we have instances of noncompliance on almost every major arms agreement we have with them.

But what of the second contention—that the Soviets would be deterred from cheating by the strong U.S. response? In 1979, Secretary Vance told the Senate Armed Services Committee:

[The Soviets] know that if they violate the [SALT II] treaty, the consequences are very serious, not only in terms of the fact that we could terminate the treaty if there was a serious violation of the treaty, but second, the effect that this would have on how they were viewed in the world, and their relationships with others, including our Allies, and those in the nonaligned world as well.

Well, let me tell you. The news is out that the Soviets are violating these treaties, and I have not yet heard the predicted outcry from the "nonaligned world." On the contrary, it is hard enough to get our own Congress to respond sensibly and constructively to the problem of Soviet noncompliance.

Congress and SALT

In 1982, President Reagan made a political commitment not to undercut SALT II as long as the Soviets did not undercut it. SALT II, remember, was never ratified. It failed to gain ratification largely because it was a flawed agreement in the first place. In addition, it would have expired by now on its own terms. On top of all this, the Soviets began to undercut it. They are seriously violating key provisions of the agreement, provisions which were declared by the agreement's proponents in 1979 to be central to the treaty. In a press conference in April of 1979, President Carter said that the Soviets would know that any violation of SALT II would be grounds for the United States rejecting the treaty.

And yet President Reagan's May 1986 decision that the United States would no longer be bound by this unratified, expired, flawed, and violated agreement has been resisted by Congress every step of the way. And this despite the fact that we have shown the Congress in detail, in careful analyses, why this move does not harm the United States, why, indeed, it will serve our security.

The President has declared that the United States will no longer abide by SALT, and the House has voted again and again to force him to do so. Indeed, the argument has even been made in the

halls of Congress that the President was contradicting his own no-undercut policy—even though this policy was always conditioned on the assumption that the Soviets would themselves not undercut the agreement. Congress wants the United States to abide selectively by an unratified and expired agreement that the Soviet Union has chosen to violate. So much for the strong, unambiguous U.S. response to Soviet arms control violations that was predicted in 1979.

Not that this problem was unanticipated. As long ago as 1961, the present Under Secretary of Defense for Policy, Fred C. Ikle, wrote an article about the problem of arms control compliance for *Foreign Affairs* titled "After Detection, What?" That article was written before we had signed a single arms agreement with the Soviet Union. Several agreements and—in recent years—many violations later, we still do not have an adequate answer to that question, and Congress, unfortunately, isn't helping.

Increasing Concealment and Deception

Finally, there is the problem of detection itself and the increasing pattern, over the past couple of decades, of Soviet concealment and deception. Some of these instances of concealment involve actual violations of agreements, as is the case with telemetry encryption and the concealment of the association between the SS-25 and its launcher. Others do not necessarily involve explicit violations, but they still make the job of verification more difficult. As Amrom Katz has observed, we have never found anything that the Soviets successfully concealed.

Note that deliberate, orchestrated deception of the outside world has been a constant of Soviet history and, indeed, Russian history. The Potemkin village has been an enduring motif. In 1944, Vice President Henry Wallace visited the Soviet Union and stayed briefly at a mining camp in Kolyma, the notorious site of labor camps in the Soviet Union where literally millions suffered and perished. During the visit, the Soviets sent the prisoners away, dressed the prison guards up in peasant clothing, shined the place up, and Wallace came back with glowing reports of mining life in the socialist paradise. He was neither the first nor the last foreigner to be deceived.

Verification and the Open Society

There is a change that would solve all these problems, of course, and that is if the Soviet Union were to become a genuinely open society. If the Soviet Union were a truly open society, we would not need satellites to verify arms agreements—just as the Soviets do not need satellites to verify our compliance with arms control. (They have *The Washington Post*, *The New York Times*, *Aviation Week*, and a host of other independent publications—not to mention the *Congressional Record*—to help them with the job of verifying U.S. compliance with arms treaties. Obviously, we have no comparable independent sources on the Soviet side.) Indeed, if the Soviet Union were a truly open society, I doubt we would find ourselves at odds with the Soviet Government. I doubt the Soviet Government would be pouring 15%–17% of that nation's GNP [gross national product] into military hardware and military activities, attempting to intimidate the surrounding world into submission. If the Soviet Union were an open society like Britain or France or West Germany, I doubt we would have anything to fear. But it is not. It is not an open society, and we must remain clear about this fact.

Today we hear a lot of talk of "openness" from the Soviet Union. We should be wary of it. The moves that the Soviets have made in the direction of openness—the release of some dissidents, the greater coverage of negative news in the state-owned press, the limited measure of cultural loosening that observers report—we should welcome all this. But we should also be wary.

Much that the Soviet Union has done has been calculated to gain maximal publicity for minimal concessions. By and large, it is the most famous dissidents who have been released, while literally thousands of others remain in camps, prisons, or psychiatric hospitals. Remember that over 30 years ago, Nikita Khrushchev released thousands, and yet the basic nature of the system did not change.

Glasnost and Arms Control

So far, moreover, *glasnost* has had no real impact on arms control. Take a matter as simple as military budgets. The United States publishes its military budget in great detail. The Congress debates the U.S. military budget in great detail. In 1985, that budget came to about \$250 billion. Our best estimates

suggest that in that year the Soviets also spent the equivalent of \$250 billion. In that year the Soviets claimed to have spent 20.3 billion rubles on defense. Assuming the official exchange rate of \$1.50 per ruble, that comes to about \$35 billion—about a seventh of the real total and a ridiculously small sum for the budget of a military superpower.

Or take the example of chemical weapons. For the past 17 years, the United States has not produced any chemical weapons. During that same period, Soviet production of chemical weapons has gone full steam ahead. The Soviets have extensively upgraded their chemical warfighting capabilities, with 80,000 specially trained and equipped troops. We have nothing comparable, and, in fact, Congress keeps postponing and killing funding for new Western chemical weapons absolutely essential to strengthen deterrence against chemical warfare.

But, meanwhile, in addition to producing chemical weapons in large quantities, the Soviets until very recently denied even possessing chemical weapons. Then, all of a sudden, they announced the creation of a facility for the destruction of chemical weapons. That is pretty much how it goes with *glasnost* sometimes. Having refused to admit that it possesses chemical weapons, the Soviet Government then announces that there is a chemical weapons destruction facility—which presumably means there are chemical weapons somewhere to be destroyed. Well, at Moscow, Secretary Shultz proposed to Foreign Minister Shevardnadze that the two sides exchange visitors to each other's chemical weapons destruction facilities. The Soviets agreed, all right. The problem was that no one on the Soviet delegation could tell us the location of that facility or anything else about it. Such are the trials and tribulations of the new Soviet "openness."

Test of Openness

One test of openness will be whether the Soviets are willing to accept the verification provisions we are proposing in the agreement on intermediate-range nuclear forces (INF) that the two delegations are negotiating now in Geneva. This agreement involves mobile missiles and all the verification problems that such missiles bring. Our key purpose in these negotiations has been to remove the threat posed to Europe and Asia beginning in 1977 with the deployment of the Soviets' mobile SS-20 missile. In

1981, President Reagan proposed the "zero-zero option" for these missiles—global elimination of all longer range intermediate-range nuclear missiles. We are, at present, close to an agreement that would either radically reduce or eliminate such missiles—the SS-20 and the SS-4 on the Soviet side and the Pershing II and ground-launched cruise missiles which NATO deployed beginning in 1983 in response to the SS-20.

But because of the problems associated with mobile missiles, we have proposed an extensive verification package—the most comprehensive ever—which will involve, among other things, not only the first onsite inspection of Soviet missiles being destroyed, but a round-the-clock Western presence at the gates of Soviet INF weapons facilities, as well as other forms of inspection.

A comprehensive verification approach that goes beyond satellite monitoring is not optional with this agreement. It will have to be more intrusive if the Soviets insist on keeping some of these mobile missiles than if they agree to eliminate all of them. It is absolutely essential if the agreement is to be effective. So a test of Soviet willingness to work toward genuine arms control with us will be whether the U.S.S.R. is ready to accept the INF verification package. Watch the progress of these talks. Arguments from Moscow to the effect that Washington's insistence on adequate verification is an impediment to an agreement should be taken as a sign that *glasnost* is little more than empty rhetoric.

But how far even these kinds of verification measures can take us toward genuine arms control remains an open question. Onsite inspection of Soviet territory would be progress. But there is more to establishing trust than allowing another nation's representatives to set foot on one's military reservations. We should be clear about this. Onsite inspection is not a panacea for verification problems. History shows that onsite inspection can be thwarted; it can be circumvented. During the Second World War, the Red Cross inspected a Nazi concentration camp and came back with positive reports. Remember Henry Wallace's experience in Kolyma. By itself, inspection is no guarantee. It is necessary. But how much it can compensate for the gaps left by satellite reconnaissance remains to be seen.

We should face the facts. In an age of small, mobile weapons, we are butting up against the outer limits of "national technical means." We are butting up

President Meets With Foreign Intelligence Advisory Board

against the limits of what arms control can achieve without a fundamental change in the way the Soviets do business. Already verification requires more than national technical means; and already confidence in Soviet compliance with arms control is beginning to require more than any mere verification package can offer.

In short, there is a direct, practical link between openness and progress in arms control. That link lies in the problem of verification. Verification has always defined the outer frontier of what we can achieve in arms control. We can control effectively only what we can effectively verify. But verification is often directly limited, in turn, by the degree of openness permitted by the states that subscribe to an arms control agreement.

Too, there is a clear connection between openness and international trust, between peace and the open society. Societies that respect the rights of their citizens, that respect freedom of speech, freedom of religion, freedom of the press, freedom to travel and to emigrate, freedom of assembly—that defend the rights of individuals to criticize their leaders and to vote them in and out of office—such societies also keep their international treaty commitments. Such societies can be expected to behave in a fashion that promotes world peace. Such societies do not crave new territory. Such societies do not menace their neighbors. Conversely, as President Reagan said not long ago, “. . . a government that will break faith with its own people cannot be trusted to keep faith with foreign powers.”

The day of real *glasnost*, real openness, in the Soviet Union, may be long distant. We must hope. But we must also ensure, as long as such a day fails to come, that our own freedom and our children's freedom and their children's freedom are safeguarded and secure. ■

WHITE HOUSE STATEMENT,
JULY 14, 1987¹

The President met today with members of his Foreign Intelligence Advisory Board to receive a briefing on the board's findings and recommendations regarding the procedures and practices to protect classified information and activities at our foreign missions worldwide. The board's report is classified.

The advisory board as well as the panels chaired by former Defense Secretary Laird and former Defense Secretary Schlesinger have together conducted comprehensive, hard-hitting, thorough studies of the serious counterintelligence and security issues that confront our Embassy in Moscow and throughout the world. The studies have underscored the gravity of the challenges we face as a result of Soviet actions against our mission in the U.S.S.R. and the implications for the security of our overseas missions revealed by the discoveries we have made around the world, in Moscow, and in recent espionage investigations. The studies have made clear the need for determined, bold action to continue to meet this problem head on and now.

The recommendations contained in the reports are comprehensive. They address options for providing our mission in the U.S.S.R. with the secure environment our personnel need to conduct our

relations with the Soviet Union. They address systemic changes in the way we construct our facilities overseas to assure that we never again face the situation we now confront in Moscow. They also make recommendations regarding the structure and conduct of our security and counterintelligence programs worldwide to attempt to prevent any repetition of the serious breakdown in our defenses to the activities of hostile intelligence services we have recently discovered in our Moscow Embassy.

This Administration has given high priority to improving our ability to detect and counterespionage as well as other threats and activities directed by foreign intelligence services against U.S. Government establishments or persons. Our decisions, which will affect the security of our overseas presence for decades to come, will require the best minds and talent we can muster as a nation. Solutions will also require resources. In the next 2 weeks, the President, together with Secretary Shultz and his senior advisers, will review the recommendations these panels have made to determine what measures are required. In this review, the Administration will be consulting with Congress, which has a major role to play in meeting this challenge.

¹Text from Weekly Compilation of Presidential Documents of July 20, 1987. ■

Korea: New Beginnings

by Gaston J. Sigur

Address before the Foreign Policy Association in New York City on July 21, 1987. Mr. Sigur is Assistant Secretary for East Asian and Pacific Affairs.

Since 1950, and especially over the last several months, the world has devoted a great deal of attention to the Korean Peninsula. Recently, this interest has focused on the phenomenal developments on the southern half of the peninsula involving our ally and enduringly close friend, the Republic of Korea (R.O.K.). We must keep in focus the developments, or their lack, not only in the Republic of Korea but also in the northern half of the peninsula. Let me begin with a few observations on developments in the South, then offer some perspectives on the North and on North-South relations.

The United States has built its policy toward the Republic of Korea on bedrock including three main components: security, democracy, and economic partnership. All are interdependent: a stable economy promotes greater security; greater security enhances the economy; steps toward democracy enhance both the R.O.K.'s security and its economic progress. When we talk about the U.S. relationship with the Republic of Korea, we must include all three parts of the foundation.

Our commitment to the defense of the Republic of Korea remains firm. At their request, we have contributed to the Koreans' ability to defend themselves, assisting with the shield behind which the Korean people have built their phenomenal economic growth and begun their democratic modernization. Koreans have earned and deserve every credit for their accomplishments and for the courage, inspiring path on which they are now embarked. Americans justifiably take pride in having contributed to the defense shield behind which these important developments could occur.

Koreans have taken remarkable steps in recent weeks to build toward democracy. Koreans have a proverb, "*she jagi panida*," which translates approximately as "well begun is half done." While there is still much work to do, it is clear to all that the Korean people have begun the process very well. We applaud those accomplishments and encourage both government and opposi-

tion parties to promptly complete the process which has been started.

We lend our full support—unqualified—to the Korean people and to whichever candidate they choose to be their next president in an open and fair election. We are prepared to work with a fairly elected Korean Government to carry our close alliance and deep friendship even beyond the point it has reached today. Let me be clear on this point: anyone who claims that he has or will get the support of the U.S. Government as a candidate is wrong; we lend our full and enthusiastic support to the process but not to any individual or party.

Our neutrality in this contest is appropriate and fitting. As much as we, as friends, cheer the political modernization process, Koreans must make their choices. We continue to hope that all major institutions in Korea will play a constructive, neutral role as the people assume the important and exciting responsibility of choosing their leadership and managing their own government.

There is, of course, a specific outcome in the economic area we hope to see—a greater opening of the Korean market. We will work closely with the new administration which takes office in February 1988, toward continuing the process of liberalizing market access and thereby encouraging the kind of balanced growth in our trade that helps both our peoples. Protectionism is a "product" we reject, whether "made in U.S.A." or "made in Korea."

North Korea

As all of you know, North Korea unbridled its aggression against the South in June 1950. At the request of the Government of the Republic of Korea, the United States and other members of the United Nations joined to help the Republic throw back that aggression, to stop the war. Since that time, the Korean Peninsula has remained a dangerous arena where two different economic and social systems, and very different political structures, have faced each other across the demilitarized zone.

In the intervening period, Koreans on both sides have had to rebuild a peninsula ravaged by war. Koreans in the South, faced with destruction of their land, have built one of the miracle economies of the world.

The Democratic People's Republic of Korea (D.P.R.K.) has also built its

economy from the devastation of war, providing the base for considerable industrial development and a basic, if spartan, standard of living for its people. But it has done so at a phenomenal cost to the human spirit and individual freedom. And it has misallocated its resources by emphasizing the buildup of a military machine far larger than is justified by legitimate self-defense needs. North Korea's military budget absorbs over 20% of its GNP [gross national product]; and it has a three-to-two preponderance in ground forces over the R.O.K.

The democratic process now underway in the South is all the more stunning when contrasted with the closed society to the north. While the Republic of Korea embarks on a path toward greater openness, toward a fuller and more prosperous future, the Democratic People's Republic of Korea remains trapped in a bubble of isolation and repressive bureaucracy, breathing and rebreathing an atmosphere of polemics and fear. The concepts of free elections and multiple parties would be unthinkable in a state where public information and expression are tightly controlled and manipulated.

In addition, the North has isolated itself internationally by its often outrageous activities abroad. Its support for international terrorism was most directly manifested by its own assault upon Seoul's leadership in 1983, the callous bombing attack in Rangoon targeted against President Chun Doo Hwan, which killed 17 senior R.O.K. officials. Pyongyang also has persisted in aiding communist insurgencies in troubled areas and in providing surrogate forces to bolster such warfare and instability far from its own territory. Whatever the motives or impetus for its behavior, North Korea has earned a reputation for being volatile and unpredictable. Earning a new reputation and image internationally requires more than words; it requires real, positive actions.

Sadly, we have too often seen the North try to force its will on the people in the South. Those who continue to persist in provocative, destabilizing policies will remain in the backwaters of political and economic stagnation, separated from the mainstream of regional and global progress taking place around them. That is a self-defeating posture and one we hope will be abandoned in favor of productive international participation and cooperation.

We hope that some day the northern portion of Korea will choose to follow a path similar to that now being blazed by the southern half—that the Democratic

International Agricultural Trade Reform

People's Republic of Korea will come to realize a more open and free society is intrinsically more stable, more secure, and better able to meet the challenges of the future.

North-South Cooperation

The saddest irony, however, is that, despite many differences North and South, this is a single people divided, with the same fascinating culture, with the same long history, and with the same boundless potential.

Since the beginning of 1986, constructive contacts between South and North Korea have dwindled. The distrust and hostility which have developed between the Korean people must be overcome. History shows that conflict between a divided people need not be forever.

History provides many lessons. Those who fail to learn from the past are doomed to repeat it; on the other hand, those too preoccupied with the past, who cannot shake free from old fears and outdated formulas, can be entombed—forever—in the past.

The only way to build real progress and to develop an enduring trust between people long divided is through an active policy of peace, not war—through building for the future, not seeking revenge for the past. Many such proposals have been on the table for some time: economic cooperation, family contacts and reunification, trade, return of remains, cessation of slander. Others could proceed from there, such as broader contacts between political leaders from North and South, greater involvement and participation in international fora, and cooperation on joint projects to benefit the entire Korean people. We regret that the three channels of dialogue begun in 1984-85, largely at R.O.K. initiative, were unilaterally suspended by the North in January 1986. It is not for the United States or any other third party to make specific proposals; Koreans on their own can find the right steps.

This past winter and spring, we watched closely the interplay between North and South over resumption of dialogue. As we often have said during that process, we saw hopeful signs on both sides. We joined many others in genuine disappointment that, despite the effort of both governments, including the South's constructive proposal for prime minister-level talks, formal dialogue failed to resume. We remain committed to North-South dialogue as the essential ingredient toward a genuine reduction of tension. We urge

PRESIDENT'S STATEMENT, JULY 6, 1987¹

Last month in Venice, I joined with the leaders of the other six industrialized democracies in calling for a major reform in world agricultural trade. All of us recognized that only by working together could we solve the problems in agriculture facing each of our countries.

Today in Geneva, U.S. negotiators from the Department of Agriculture and the Office of the U.S. Trade Representative will present the most ambitious proposal for world agricultural trade reform ever offered. The United States will call for a total phaseout of all policies that distort trade in agriculture by the year 2000.

It has become clear that ultimately no one benefits from the current agriculture policies employed around the world—not farmers, not consumers, and not taxpayers. It is equally clear no nation can unilaterally abandon current policies without being devastated by the policies of other countries. The only hope is for a major international agreement that commits everyone to the same actions and timetable.

further efforts to resume dialogue, to ignore past grievances, to concentrate together on real and achievable objectives, in order to demonstrate to all Koreans and to the world that Koreans are ready to take their peninsula into a new age, to write a new history of progress and achievement.

To those who say conflict between North and South is inevitable, to those who say it would take a miracle to end the hostility, I have only one answer: the events of the last few weeks and years in Asia have restored my faith in miracles. But it is not really miraculous at all: the Korean people are extraordinary people. If we are surprised by the economic growth and the political progress in the Republic of Korea, it is only because outsiders have consistently underestimated Korean determination and Korean talents. If Koreans determine to make progress, if they choose to use their talents to promote understanding and reduce tension, I—for one—will under-

The heart of our proposal is the elimination, over a 10-year period, of all export subsidies, all barriers to each other's markets (including tariffs and quotas), and all domestic subsidies that affect trade. Farm policies that provide payments to farmers and do not affect pricing or production decisions would not be required to be eliminated. Finally, our proposal calls for instituting uniform food health regulations around the world to prevent nontariff barriers to agricultural trade.

I fully recognized that this proposal is ambitious, that the negotiations will not be easy, and that any agreement will not be painless. But if we are successful, agriculture around the world, once out from under the yoke of government policies, will flourish, benefiting farmers and consumers in all nations. Today, I renew my commitment, as I did along with all our trading partners in Venice, to achieve the goal of free agriculture markets around the world by the year 2000.

¹Text from Weekly Compilation of Presidential Documents of July 13, 1987. ■

estimate neither their potential nor what they might accomplish.

The past is past. The future provides opportunities for new, positive actions and relationships. The world will be watching.

Today Korea stands on the threshold of a new age. The 1988 Olympics are barely a year away. This event—to which all Koreans, wherever they reside, should look with pride—is likewise a celebration in which all Koreans should participate. From their ancient origins, the Olympics were designed to bring people closer together. The United States earnestly hopes that the 1988 Olympics will fulfill the age-old tradition, will impress upon the Korean people their uniqueness and their potential, just as those Olympics held thousands of years ago helped the Greek city-states nurture their own longings for peace and an end to conflict. For our part, we stand ready to send American athletes to Korea to compete in the Seoul Olymp-

pics, including Olympic events held in Pyongyang.

We genuinely hope the Democratic People's Republic of Korea will grasp the opportunities now before it.

- The International Olympic Committee's (IOC) historic offer to provide Pyongyang a role in the Olympics, which would be a unique event in allowing the world to see Koreans working together, allowing free movement of people between the two parts of Korea, and demonstrating that past differences cannot block cooperation. The peninsula thereby can be a model for international harmony, peaceful achievement, and concrete results. We applaud the R.O.K.'s unselfish acceptance of the IOC's proposal.

- The even greater opportunities and challenges presented by the resurgent expansion of the economies of the Pacific, including, but not limited to, the splendid growth in the Republic of Korea. There are things that the Democratic People's Republic of Korea must do on its own to help usher in a new age for the peninsula, including greater commitment of resources and manpower to the civilian sector; development of economic reforms following the positive experience of other countries in East Asia; and greater involvement in the international economic system. Economic interdependence not only stimulates individual national growth but also provides greater common security and well-being. We hope, therefore, that the leadership of the Democratic People's Republic of Korea will work toward bringing their country into the community of nations.

We call upon North Korea to cooperate in lessening conflict and strengthening regional peace. We also call upon the allies of the D.P.R.K. to work with us to reduce tensions on the peninsula and to create a healthier environment to stimulate prosperity, peace, and the flourishing of the Olympic spirit. We are prepared to do our part in ushering in a new era of peace in Korea; earlier this year, for example, we changed our diplomatic contact guidance toward North Korea in hopes of creating a more favorable environment for progress in South-North relations. We recognize, however, that our role—as well as the role of the North's allies—is secondary to that of Koreans themselves. Ultimate responsibility for the state of North-South relations, of course, resides with the people of Korea.

The U.S. Government and American people hold an unwavering, unbreakable commitment toward the security of our ally, the Republic of Korea. At the same time, we bear no hostility toward anyone. Americans, bold and resolute in defense of peace, remain bold and unswerving in the desire to help build peace as well.

U.S. Role in Wildlife Conservation

by John D. Negroponce

Remarks before the International Institute for Environment and Development on May 18, 1987. Ambassador Negroponce is Assistant Secretary for Oceans and International Environmental and Scientific Affairs.

The United States is considered, and rightfully so, one of the world's leading countries in preserving and managing its wildlife resources. We also work with other nations and multilaterally to help ensure the survival of endangered and threatened species worldwide—and to make sure that species whose livelihood now seems safe remain that way. An array of U.S. departments are concerned with this issue—the Departments of the Interior, Agriculture, and Commerce come to mind, in addition to State, as leading actors in the Federal wildlife conservation effort. Working together, we are making strong efforts to continue the U.S. role in preserving the world's wildlife heritage, at home and overseas.

The Endangered Species Act is the "constitution," if you will, of the U.S. wildlife conservation effort. This act has been a model looked to by other countries in designing their own responses to the issue of wildlife conservation. Through reference, it is the implementing legislation to carry forth our international responsibilities under the Convention on International Trade in Endangered Species (CITES) as well. In its lists of species given specific protection, it is even more stringent than the CITES itself. For example, under CITES quotas now in place, a limited number of Nile crocodile pelts are traded on the world market although they cannot be brought to the United States under the restrictions of our own laws. Rather than lowering our standards to the world level, however, we are work-

I believe the people of Korea, both North and South, now face historic opportunities and challenges. We urge their leadership to implement the positive; to pursue contacts, not confrontation; and to adopt cooperation as the new watchword for all of Korea. Only this way can new possibilities and prospects begin to materialize. ■

ing with other countries to drop reservations to species protection lists and to strengthen their own protective mechanisms.

Through CITES and bilateral programs, the United States has traditionally played a major role in the world's conservation efforts. Our delegation to this year's conference of the parties will reflect the strong U.S. commitment to the goals of this organization. As currently planned, the U.S. delegation will be headed by the Department of the Interior but joined by members of the Departments of Agriculture, Commerce, and State. We fund fully one quarter of the convention budget. Because of our interest and the expertise we have developed over the years in the operation of this convention, our positions expressed there are usually given substantial weight. In having this role, however, we also have a serious responsibility to develop programs and policies which will fulfill the goals and objectives expressed in that convention.

Habitat Protection and Biological Diversity

The United States has moved recently toward an expansion of concern with issues of habitat protection on a larger scale and issues of biological diversity. Amendments to the Foreign Assistance Act have encouraged this development, and we are full square behind it. The United States, through the Agency for International Development (AID), now prepares an annual report to Congress on its role in the protection and furtherance of biological diversity in developing countries and, beginning with this year's report, will send forward another report on U.S. actions impacting on tropical forests. Besides providing information to interested parties on U.S. actions in these vital areas, the reports focus attention at all levels of

the government on our actions and how they impact on the environment as a whole.

We are proud of our efforts on the forestry and biological diversity fronts even though we have a long way to go. Over the past several years, attention at the highest levels of the U.S. Government has increased, and this attention has a galvanizing effect on encouraging other nations and international groups to work on these vital issues as well.

The concept of sustainable development, specifically referenced in the international tropical timber agreement, has also been echoed in the recent World Commission on Environment and Development report. This report, issued under the chair of Norwegian Prime Minister Brundtland, will be the focus of a great deal of attention in the coming months and should bring renewed support for the study of environmentally sound development.

Environmental Impact Concern

We also work closely with many of you in encouraging the large multilateral development financial institutions to pay more attention to the environmental impact of their lending practices. In this sense, we were heartened to hear World Bank President Barber Conable's announcement of a major change in the bank's environmental policy. Both the Departments of State and Treasury have worked extensively with multilateral development institutions to achieve better integration of environmental considerations into project planning and implementation. The Bank's announcement that it will create an environmental department carries forward several of the programs which we have supported and encouraged over the past several years.

Preservation of Species

We have not abandoned species protection in developing our habitat and biological diversity agenda, however. We are still very interested in what steps we can take to pull back from the edge species which are nearing extinction. Our Fish and Wildlife Service works with interested parties worldwide to protect wildlife areas and animals. The Department of Commerce, through the National Oceanic and Atmospheric Administration (NOAA) leads our government's endeavors to protect marine mammals, especially whales and dolphins. The Department of State, with strong congressional support, is backing

an initiative to save the endangered rhino. Both domestically and internationally, our government is searching for fresh approaches to preserve vanishing groups.

The United States has had some success in efforts to preserve animal and plant species from wasteful exploitation. In a multilateral context, we took the lead with the International Whaling Commission to bring an end to wasteful and unnecessary whaling. The political pressures by countries with influential commercial whaling constituencies were strong and well focused to challenge the commission's finding and proposals. We are now working on a definition of whaling for "scientific and research" purposes since some uncomfortably extensive research plans have surfaced. We will continue to do our best to make sure that valid research is not used as a cover for commercial exploitation.

In regard to terrestrial species, I already mentioned our initiative to marshal interest and available resources as well as to develop fresh approaches to stem the disastrous decline in the population of rhinoceros left in the wild. I hope that the U.S. reputation for action and assistance, together with the support of our Foreign Service missions on the spot, will help consumer and habitat countries meet the challenge posed by the decline of this species. Rhinos have been targeted, not because they are more important than other threatened species but because they have become symbolic of man's difficulty in restraining the urge for short-term gain or gratification without adequate regard for the interests of future generations.

Preservation Assistance to Other Countries

As part of our effort to assist other countries meet their own wildlife responsibilities, the United States also takes an active role in training experts from abroad at U.S. and overseas institutions. We also hold periodic wildlife management workshops throughout the Western Hemisphere and have signed a number of bilateral agreements on the sharing of technology and wildlife information. These programs give the U.S. wildlife officials involved, as well as the overseas participants, a chance to exchange ideas and develop the most responsive approaches to wildlife needs. They also reaffirm the U.S. commitment to a shared responsibility for world wildlife resources.

This is not an inexpensive proposition. In this Gramm-Rudman-Hollings era, the United States has had to re-examine closely its obligations in a vast realm of conflicting priorities. Wildlife-related programs have not been exempt from scrutiny. However, we have not seen our programs pared as deeply as some others and have even been able to obtain start-up funding, although meager, of some new initiatives. In international terms, we have requested, for example, a 1988 budgetary allotment for the Convention on International Trade in Endangered Species of Flora and Fauna of \$200,000, up from \$173,000 in 1987. While we cannot be sure that this will receive congressional approval, the fact that the Administration has proposed an increase in funding at a time of general and very stringent cutbacks shows the commitment behind wildlife conservation. We have also had some funding disappointments.

However, it is clear to me that the United States has shown the world community that it is willing to practice what it preaches.

I think we can take substantial satisfaction at the success of efforts the United States has taken in the area of international wildlife protection. To be sure, there have been setbacks. There are sectors where we need to redouble our efforts—the destruction of tropical forests or the expansion of deserts, for example.

Notwithstanding these troublesome gaps, a credible start has been made in the field of international species protection. International development banks and lending institutions have taken encouraging steps to factor environmental concerns into lending programs from the earliest stages. And our own bilateral programs provide training and expertise in wildlife management and habitat protection to other countries. Last, but certainly not least, we have legislation which serves as a model for wildlife management of other countries.

So, in my view, the challenge ahead is to build on these very positive initial steps to even better confront the formidable problems faced by the world in the field of wildlife protection. You have my assurance that the Department of State and the bureau I lead will spare no effort to contribute meaningfully to this process. ■

U.S.-Soviet Relations: Testing Gorbachev's "New Thinking"

by Michael H. Armacost

Address at the University of Virginia at Charlottesville on July 1, 1987. Ambassador Armacost is Under Secretary for Political Affairs.

It is a special pleasure to be at the University of Virginia during this year of the 200th anniversary of the Constitution. That document owes much to Virginia's enlightened political leaders—a number of whom, including three of our earliest Presidents, were associated with this institution. The University of Virginia and the Miller Center, under its fine director and scholar of the presidency, Ken Thompson, continue the tradition of the Virginia Founding Fathers in seeking to blend scholarship with a commitment to public service.

I welcome this opportunity to address the subject of "The Dialogue of the Superpowers." Over the past year, our discussions with the Soviets have intensified further. During Secretary Shultz's visit to Moscow last April, major progress was made in arms control, especially in the area of intermediate-range nuclear forces (INF). We hope an agreement will soon be possible—the first to actually reduce nuclear weapons. Yet our relations are not confined to just arms control, however important that subject may be. The U.S.-Soviet competition extends across a broad spectrum that includes:

- Soviet behavior in regional conflicts;
- Human rights; and
- Bilateral matters such as cultural, scientific, and people-to-people exchanges.

The U.S.-Soviet dialogue must deal with all of these issues.

I would like to direct my remarks today to regional aspects of the U.S.-Soviet dialogue, with particular emphasis on developments in Southwest Asia and the Persian Gulf. These issues are of fundamental importance to the quality and stability of our relationship with Moscow, and they are the issues on which I have been most personally engaged.

Strategic Setting

Forty years ago this month, George F. Kennan published in the journal *Foreign Affairs* a remarkable article destined to change the way thoughtful Americans conceived of relations with the Soviet Union. Entitled "The Sources of Soviet Conduct," Kennan's article analyzed in graceful and elegant prose the motivations behind Stalin's foreign policy. He ended by prescribing that the United States should enter "with reasonable confidence upon a firm containment designed to confront the Russians with unalterable counterforce at every point where they show signs of encroaching upon the interests of a peaceful and stable world." Thus currency was given to the word "containment," and, in one version or another, in Democratic Administrations as well as a Republican, that term has come to define the basic U.S. strategy toward the Soviet Union.

The appearance of Kennan's article coincided with the Truman Administration's first steps to stem Soviet attempts to establish control over the Eurasian land mass. Viewed as a whole, U.S. efforts were directed toward containing a three-pronged Soviet strategic thrust centered in the west on Europe, in the east on China and Japan, and in the south on Iran and the Persian Gulf.

In Europe, containment found its initial expression in the Truman Doctrine, the Marshall Plan, and NATO.

In the Far East, the U.S.-Japanese Security Treaty and U.S. resistance to North Korean aggression created a barrier to the further spread of Soviet influence.

In the Near East, the United States faced the Russians down when they refused to remove their troops from Iran.

Much has changed since Kennan's article was published. The Soviets have evolved from a Eurasian land power into a global superpower. They have developed ties with a host of Third World countries and established, in the late 1970s, outposts of special influence in such countries as Angola, Ethiopia, Cambodia, Nicaragua, and Afghanistan. The task of containing, neutralizing, or reversing the spread of Soviet power in the Third World has posed a major new challenge that this Administration has sought to address with realism and strength.

Despite the Soviets' new global reach, however, the three strategic theaters that emerged in Kennan's time have remained critical in the U.S.-Soviet competition.

- In Europe, U.S. and NATO policies have succeeded in checking Soviet military expansionism. The Kremlin has not abandoned, however, efforts to extend Soviet influence over the greatest concentration of industrial and military power on the Eurasian Continent. The dramatic buildup in both Soviet nuclear weaponry and conventional arms continues to present a major threat to Western security. East European aspirations for self-determination also remain unsatisfied. And Moscow continues to hope it can drive wedges between the American and European components of the Atlantic community.

- Direct Soviet expansionism in the Far East has been checked by U.S. security cooperation with Japan; the economic dynamism of Japan, Korea, Taiwan, and the ASEAN [Association of South East Asian Nations] countries; and by the normalization of U.S. relations with the People's Republic of China (P.R.C.). Nonetheless, extensive Soviet military deployments in Asia and support for Vietnam's occupation of Cambodia reveal the continuing Soviet ambition to translate military power into durable political influence in the area.

- The collapse of the Shah in Iran in 1979 made the Persian Gulf and the Middle East the most volatile region of the world, opening opportunities to the Soviets not seen since 1946. The power vacuum in Iran greatly facilitated the Soviet invasion of Afghanistan in December 1979, the first direct large-scale involvement of Soviet forces outside Eastern Europe since World War II. This Soviet action prompted President Carter to proclaim that "any attempt by any outside force to gain control of the Persian Gulf region will be repelled by any means necessary, including military force."

Gorbachev's "New Thinking"

George Kennan believed that a strong, consistent, and realistic policy by the United States could promote tendencies that would eventually lead to a moderation of Soviet power. "No mystical, messianic movement—and particularly not that of the Kremlin—can face frustration indefinitely without eventually adjusting itself in one way or another to the logic of that state of affairs," he wrote in the "X" article.

The "frustrations" confronting Soviet ambitions mounted in the last years of the Brezhnev regime. Economic growth rates declined. Consumer dissatisfaction increased. Spiritual malaise manifested itself in rampant crime, corruption, and alcoholism. The slow pace of Soviet technological innovation threatened to erode even Moscow's long-term prospects in the global strategic balance.

Brezhnev's international policy, with its excessive reliance on military power, was increasingly perceived to be fundamentally flawed.

- Instead of intimidating the West, Soviet missile deployments brought U.S. and NATO counterdeployments and a revival of Western defense spending.
- Instead of eliciting concessions, Moscow's military buildup in the Far East increased tensions with China, Japan, and the ASEAN states and spurred defense cooperation between the United States and a variety of Pacific allies and friends.
- Instead of accomplishing a quick and easy victory in Afghanistan, Soviet intervention precipitated a long, costly, bitter, and inconclusive struggle with no end in sight.

Mikhail Gorbachev came to power determined to reverse the Soviet Union's declining position in the East-West "correlation of forces." In internal policy, he has:

- Cracked down on crime and corruption;
- Urged greater "democratization" of party and state institutions; and
- Initiated economic reforms designed to revitalize and modernize the Soviet economy.

In an effort to enlist the energies of the Soviet intelligentsia, Gorbachev has allowed the prominent dissident Andrey Sakharov to return from forced exile and has promoted greater "openness" in public debate.

To create an international environment congenial to domestic reforms, Gorbachev has sought greater tranquility along Soviet borders. He has injected new dynamism into Soviet foreign policy—installing new people in the policymaking apparatus, launching new initiatives, and opening or renewing ties to a number of important noncommunist countries ignored by Brezhnev. Gorbachev and other Soviet spokesmen have called for fundamentally "new thinking" in the formulation of national security policy. Soviet spokesmen have begun to sound new ideological themes such as

the "interdependence" of all countries, mutual security, the limitations of military power in attaining security, and the necessity in international negotiations to take account of the legitimate interests of all parties.

Beyond generating intellectual ferment, Gorbachev has taken tentative steps to implement some new policy approaches in the regions along the Soviet periphery.

Gorbachev's Initiatives in Europe

In Europe, he has sought to exploit latent antinuclear sentiment and to challenge the conceptual underpinnings of Western deterrence. He has reversed Brezhnev's INF policy by virtually accepting the "zero-zero" solution proposed by President Reagan in 1981. Gorbachev's predecessors had engaged, starting in 1978, in a massive buildup of SS-20 missiles designed to intimidate Europeans and Asians into a more accommodating posture. In response to the Soviet deployments, NATO in 1979 resolved to undertake counterdeployments of U.S. GLCM [ground-launched cruise missiles] and Pershing II missiles unless a negotiated solution made them unnecessary. For the next 4 years, the Soviets waged a massive propaganda campaign to prevent NATO deployments. In December 1983, they even walked out of the INF negotiations.

In October 1986 at Reykjavik, Gorbachev agreed to eliminate all but 100 warheads on longer range INF (LRINF) missiles. In mid-April, he offered the entire elimination of shorter range INF (SRINF) missiles. Although important issues remain unresolved—above all, the issue of verification—an agreement is within reach and should be achievable by the end of the year. The United States would prefer an agreement that would eliminate all LRINF warheads.

While an INF agreement along these lines would represent a major victory for the NATO alliance, a number of thoughtful Europeans and Americans are uneasy, fearful that Gorbachev's moves represent merely a more subtle and effective means of pursuing the long-term Soviet objective of removing the U.S. nuclear presence from Europe. They worry that Gorbachev will entice the West into a series of "zero solutions," leaving a "denuclearized" Europe alone to face numerically superior Soviet conventional forces—and this at a time when demographic and budgetary trends in a number of NATO countries will make it more difficult for them to maintain current levels of conventional forces. Doubts about the reliability of the U.S. security commit-

ment have led to more intensive intra-European consultations on these issues.

We should not lightly dismiss the seriousness of European concerns or the ambiguity of Gorbachev's motives. His endorsement of European nuclear-free zones and his call for the elimination of all nuclear weapons by the year 2000 are clearly designed to generate popular pacifist sentiments against Western governments. Gorbachev has shown no inclination to remove a key source of East-West tension: the basic division of Europe imposed by the Red Army. This was the thrust of President Reagan's recent address at the Berlin Wall.

Nonetheless, I believe the concerns that have been expressed about an INF agreement are exaggerated. They can be dealt with by a frank alliance recognition that NATO will need, for the foreseeable future, to retain a significant nuclear element in its strategy of flexible response. Even with an INF agreement, NATO will have more than 4,000 nuclear warheads, including those on INF aircraft and U.S. submarine-launched ballistic missiles, with which to implement this strategy. These and other systems can ensure the reliability of extended deterrence.

As for the imbalance in conventional forces, this problem must be addressed through a combination of NATO force improvements and negotiated reductions in Soviet and Warsaw Pact forces. With major negotiations on this issue looming, now is not the time for unilateral NATO reductions. Indeed, to correct the existing imbalance, unilateral or asymmetrical Soviet reductions will be necessary.

Gorbachev's Initiatives in Asia

Gorbachev's moves in the Far East have been even more tentative and more ambiguous than his moves in Europe, but the motive is clear.

Responding to a widespread recognition that Soviet standing in a region of growing economic and political significance was at an all-time low, Gorbachev announced, in Vladivostok last July, a number of initiatives aimed at improving relations with the nations of the Pacific—particularly China.

In the intervening months, Moscow has made some progress in improving relations with Beijing. Economic and technical cooperation has developed at an accelerated pace. Gorbachev's public offer to delineate the Sino-Soviet border along the "main channel" of the Amur River has led to the reopening of border discussions after a 9-year hiatus. Other aspects of the Vladivostok initiative—a

phony withdrawal of six Soviet regiments from Afghanistan and the actual withdrawal of one Soviet division from Mongolia—have fared less well with the Chinese. Nonetheless, the latter are doubtless closely following the intensified diplomatic dialogue on Afghanistan and will take account of any significant reduction in Soviet forces in the Far East.

The Soviets have also undertaken to improve relations with other key players in Asia. Gorbachev proposed at Vladivostok long-term cooperation with Japan and called for intensified economic cooperation with ASEAN. The U.S.S.R. signed the protocols of the Raratonga treaty establishing a South Pacific nuclear-free zone and, in January, concluded a 1-year fishing agreement with Vanuatu, providing limited port access for a few Soviet vessels.

While this flurry of activity indicates a clear desire to play a more assertive role in the region, Gorbachev has yet to accommodate the key security concerns of his Asian interlocutors.

- For the Japanese, Soviet refusal to return four northern Kurile islands presents real obstacles for any warming of relations.

- For ASEAN and the P.R.C., Soviet support for the Vietnamese occupation of Cambodia remains a major obstacle to improved relations. While the Soviets have intensified their diplomatic dialogue on the Cambodian issue, they have been either unwilling or unable as yet to push Hanoi off longstanding intransigent positions.

- Finally, Moscow's exploitation of antinuclear sentiment in the South Pacific—at no cost to its own freedom of action—represents nothing more than pouring old wine into new bottles.

It is still too early to tell what Gorbachev's "new thinking" really means. At a minimum, it constitutes a set of tactical maneuvers designed to court world public opinion, throw rivals off balance, and gain the diplomatic high ground in Third World issues. His objectives may go beyond this. We—and others—can best discover his true intentions by putting his words to the test—by insisting that the concerns on our security agenda be addressed.

Soviet behavior in regional hotspots will be one kind of test. Gorbachev has acknowledged that Third World conflicts can, in his words, "assume dangerous proportions, involving more and more countries as their interests are directly

Baltic Freedom Day, 1987

PROCLAMATION 5667, JUNE 13, 1987¹

Historians of the 20th century will chronicle many a tragedy for mankind—world wars, the rise of Communist and Nazi totalitarianism, genocide, military occupation, mass deportations, attempts to destroy cultural and ethnic heritage, and denials of human rights and especially freedom of worship and freedom of conscience. The historians will also record that every one of these tragedies befell the brave citizens of the illegally occupied Republics of Estonia, Latvia, and Lithuania. Each year, on Baltic Freedom Day, we pause to express our heartfelt solidarity with these courageous people who continue to prove that, despite all, their spirit remains free and unconquered.

On June 14, 1940, the Soviet Union, in contravention of international law and with the collusion of the Nazis under the infamous Ribbentrop-Molotov Non-Aggression Pact, invaded the three independent Baltic Republics. The imprisonment, deportation, and murder of close to 100,000 Baltic people followed. Later, during the Nazi-Soviet war, the Nazis attacked through the Baltic nations and established a Gestapo-run civil administration. By the end of World War II, the Baltic states had lost 20 percent of their population; and between 1944 and 1949, some 600,000 people were deported to Siberia.

Totalitarian persecution of the Balts, this time once again under Communism, has continued ever since. While enduring decades of Soviet repression and ruthless disregard for human rights, the Baltic people have continued their noble and peaceful quest for independence, liberty, and human dignity.

This year marks the 65th anniversary of the *de jure* recognition by the United States of the Baltic Republics. The United States

Government has never recognized, nor will we, the Soviet Union's illegal and forcible incorporation of the Baltic states. The United States staunchly defends the right of Lithuania, Latvia, and Estonia to exist as independent countries. We will continue to use every opportunity to impress upon the Soviet Union our support for the Baltic nations' right to national independence and to their right to again determine their own destiny free of foreign domination.

Observance of Baltic Freedom Day is vital for everyone who cherishes freedom and the inalienable rights God grants to all men alike; who recognizes that regimes denying those rights are illegitimate; who sees, shares, and salutes the Baltic peoples' hope, endurance, and love of liberty.

The Congress of the United States, by Senate Joint Resolution 5, has designated June 14, 1987, as "Baltic Freedom Day" and authorized and requested the President to issue a proclamation in observance of this event.

NOW, THEREFORE, I, RONALD REAGAN, President of the United States of America, do hereby proclaim June 14, 1987, as Baltic Freedom Day. I call upon the people of the United States to observe this day with appropriate remembrances and ceremonies and to reaffirm their commitment to the principles of liberty and self-determination for all peoples.

IN WITNESS WHEREOF, I have hereunto set my hand this thirteenth day of June, in the year of our Lord nineteen hundred and eighty-seven, and of the Independence of the United States of America the two hundred and eleventh.

RONALD REAGAN

¹Text from Weekly Compilation of Presidential Documents of June 22, 1987. ■

affected; this makes settlement of regional conflicts. . . a dictate of our time."

We could not agree more. And we can think of no better place to begin to resolve regional conflicts than in the Persian Gulf, where a volatile and unstable situation could, in fact, assume "dangerous proportions."

The Soviet Challenge in the Gulf

The Persian Gulf is, for the United States and its allies, one of the most important regions of the world, supplying more than 25% of all the oil moving in world trade in any given day. Overall, the nations of the Persian Gulf possess 63% of the free world's oil reserves. In 1986, about 30% of Western Europe's oil consumption came from the Persian Gulf; 60% of Japan's oil came from

there. While the United States obtained only 6% of the oil we consumed last year from the gulf, this figure will increase as our own reserves decline and consumption increases.

There is, moreover, a single world oil market and a single world price for oil. During the Middle East oil crises of 1973 and 1978-79, we all discovered what can happen when the supply of oil from the gulf is disrupted. Shortages produced rationing and endless gas lines. The world price of oil quadrupled in the first crisis and doubled in the second, causing inflation, unemployment, and recession.

The United States has a strategic interest in ensuring that a region of this vital importance does not fall under the domination of a power hostile to the West. Reductions in the British presence in the gulf during the past two decades threatened to create a security vacuum. We tried to fill it by strengthening two major regional powers, Saudi Arabia and Iran. We also took steps to increase support for two key countries near the gulf, Turkey and Pakistan. Though Soviet-supported regimes in Iraq and Syria sought to undermine this arrangement, it worked as long as the "two pillars" remained stable internally.

The collapse of the Shah's government in 1979 and the transformation of Iran into a messianic, radical state fundamentally altered the security equation in the area.

Iran itself became a major source of regional instability. Virulently anti-American, expansionist, supportive of terrorism, Iran has worked against the moderate Arab states in the region both with direct pressure and with internal destabilization. Though Iraq began the current war with Iran, it quickly discovered it could not prevail. Iran carried the war back to Iraqi territory, and the battle lines have stalemated in recent years. Iraq has evinced a willingness to settle the conflict through negotiation. Iran has rejected all efforts to effect a cease-fire and negotiated end to the fighting. During the past year, Iran has posed an increasing threat to nonbelligerent shipping in the gulf.

This situation has offered Moscow new policy opportunities. The Shah's downfall ended a period of more than 30 years during which the Soviets faced an extensive U.S. presence in Iran. Initially, the Soviets tried to capitalize on this strategic windfall by trying to establish a working relationship with the Khomeini regime and by seeking to propel the Tudeh Party, which they saw as a powerful potential instrument of influence on the Iranian revolution, in a

leftward, more pro-Soviet direction. Neither effort succeeded. By 1983, the Tudeh Party had been driven underground, its top leadership arrested, and a pattern of mutual recrimination and hostility set for Iranian-Soviet relations. The Soviet invasion of Afghanistan and Soviet materiel support for Iraq in the gulf war reinforced Iranian antipathy for Moscow.

Despite current Iranian hostility, the Soviets have not abandoned their long-term ambitions with Iran. They have sought to keep their options open in Tehran and, where possible, to improve the relationship, including approval of some deliveries from East European sources. These East European arms go to the revolutionary guards, as well as to the traditional army. The Soviets are hedging their bets, waiting for the new opportunities that might be presented after Ayatollah Khomeini dies. The revolutionary guards are expected to play a key role in that transition period.

In the meantime, the Soviets have tried to capitalize on new insecurities in the region aroused by Iranian militancy and the Iran-Iraq war. They have established a naval presence in the gulf for the first time. They have improved relations with Iraq, lifted an arms embargo, and become Baghdad's largest supplier of military equipment and a key source of economic aid.

The Soviets have also sought to establish relationships with the moderate Arab states. In 1985, they established diplomatic relations with Oman and the United Arab Emirates. Two Saudi ministers have visited Moscow in less than 2 years to discuss such sensitive issues as oil pricing. Soviet agreement to explore ways to protect Kuwaiti-owned oil tankers is only the latest example of this new tack.

Finally, the turmoil in Iran made it easier for the Soviets to reach the decision to invade neighboring Afghanistan, which itself was experiencing an upheaval wrought by the communist takeover in 1978. Not only did the Soviets' occupation of Afghanistan put them hundreds of miles closer to the oil fields of the Persian Gulf, it gave Moscow new opportunities to exert military and political pressure against both Iran and Pakistan.

These developments posed complex choices for U.S. policy as we sought to restore stability to the region.

On the one hand, by virtue of its size, resource base, and geographical location, Iran has many shared interests with the United States, including opposi-

tion to Soviet expansion in Afghanistan. We have no desire for a confrontation with Iran and believe that a convergence of important interests will eventually lead to an improvement in our relations with this strategically important country.

On the other hand, our bilateral relations cannot substantially improve while Iran pursues policies toward the Iran-Iraq war, terrorism, and its neighbors in the gulf that are inimical to American interests. Because the unimpeded flow of oil through the Strait of Hormuz is critical to the economic health of the Western world, we have very important interests in freedom of navigation for nonbelligerent shipping in and through the gulf. The security, stability, and cooperation of the moderate Arab states of the area are important to our political and economic goals, and we, therefore, have a stake in helping these countries deal with threats from Khomeini's Iran.

We must be particularly wary of Soviet efforts to exploit the turmoil in the gulf by establishing a military presence there. This was an important consideration in our recent decision to reflag and protect 11 Kuwaiti oil tankers. Late last year, to counter Iranian targeting of Kuwaiti-associated shipping, Kuwait approached both the Soviet Union and the United States to explore ways to protect Kuwaiti-owned oil shipping. The Russians responded promptly and positively. They were prepared to take on much larger responsibilities for protecting the Kuwaiti oil trade than they were ultimately offered. The Soviets have little economic interest in the free flow of oil—a reduction in supplies on the world oil market would increase the price of Soviet reserves—so we must assume that Soviet interest in the Kuwaiti offer was largely geopolitical. Our willingness to reflag 11 Kuwaiti tankers as U.S.-flag vessels was motivated very largely by our desire to limit any Soviet military role in the gulf.

To give the Soviet Union an important role in protecting gulf oil destined for Western Europe, Japan, and the United States would be a major strategic mistake. Gulf states would come under great pressure to make naval facilities available to the Soviets, and enhanced Soviet influence and presence could open to the Soviets possibilities for holding vital Western economic interests hostage.

While opposing an increased Soviet military presence in the gulf, however, we think there is a constructive role the

Soviets can play in relation to the gulf war. They can join with others to promote an end to the Iran-Iraq conflict, which has done much to create the current unstable military and political environment in the region. The Soviets share, I believe, our interest in seeing the war end with neither victors nor vanquished. Ties to Iraq and a number of other moderate Arab states—as well as the presence of a substantial Muslim population in the U.S.S.R.—give Moscow an interest in preventing an Iranian victory and the consequent spread of Islamic fundamentalism.

In meetings among the "big five" permanent members of the Security Council, the United States and others have vigorously pressed for a Security Council resolution that anticipates enforceable measures against either belligerent which proves unwilling to abide by a UN call for a cease-fire and withdrawal of its forces to internationally recognized borders. The United States has worked closely with the Soviets in fashioning the cease-fire resolution. We welcome their cooperation.

The real test of their desire to end this war, however, will come in supporting mandatory enforcement measures. Unless these measures have real teeth, the United Nations will merely have passed another hortatory resolution devoid of real consequences for those who defy its will. A concrete test of the Soviet seriousness and commitment to peace in the gulf is, therefore, their willingness to put some teeth into the current Security Council effort and to urge their East European allies and North Korea to halt sales of arms to Iran.

A second crucial step the Soviets can take to defuse tensions in the area would be to withdraw their troops promptly from Afghanistan. The Soviets in recent months have, more and more emphatically, declared their desire to withdraw. Yet the phony withdrawals implemented to date have been of no military consequence, and the Geneva proximity talks remain deadlocked, despite some narrowing of positions, over the question of a withdrawal timetable.

The Soviets have also raised the question of forming a government of national reconciliation prior to troop withdrawals. They have belatedly acknowledged that a serious process of national reconciliation must include the resistance, the refugees driven from the country, and prominent individuals associated with previous Afghan governments. But Moscow's current approach

appears to envisage a coalition government built around and led by the Communist Party of Afghanistan—a nonstarter.

In our conversations with the Soviets, we have reminded them of the burden their presence in Afghanistan imposes on regional stability as well as on the broader U.S.-Soviet relationship. A political solution would have a positive impact on our ability to move forward on other aspects of the East-West agenda. What is required are not increased attacks against innocent Pakistanis and Afghans. What is required is for the Soviets to take the tough decisions that will facilitate an early resolution of the conflict. We are ready to respond positively when they do.

Conclusion

Let me conclude with a few general reflections.

Whatever the ultimate import of Gorbachev's "new thinking," any moderation in Soviet foreign policy conduct will emerge only gradually. The U.S.-Soviet strategic competition will not disappear. The relationship is likely to continue to contain elements of conflict and cooperation. We must expect that endemic instability in regions like the Persian Gulf will provide fertile ground for competition. And, unless we are both careful, competition can lead to conflict.

As we confront such future challenges, we will want to recall a few lessons drawn from the past 40 years of U.S.-Soviet relations.

First, our policy is most successful when there is a clear definition of the national interest based on rational calculation rather than emotional impulse. Authors of the containment policy fashioned a policy based on a farsighted conception of the nation's requirements. They succeeded in providing a basis for European and Japanese stability and prosperity beyond what any of them were able to foresee at the time. Similarly, our military presence and diplomatic efforts in the Persian Gulf since the 1940s reflect a durable recognition of American interest in that vital source of energy supplies.

Second, avoidance of miscalculation requires a clear communication of U.S. interests. U.S. failure in 1949-50 to include Korea in the U.S. defense perimeter in the Far East reportedly contributed to a decision to launch a North Korean attack on the South. Similarly, the Soviet leadership's calculation of the risks of intervening in

Afghanistan may have been influenced by the seeming U.S. indifference to events in Afghanistan following the April 1978 pro-Soviet coup.

We have a mechanism for communicating to the Soviets our interests and concerns on regional issues. In November 1985, President Reagan and General Secretary Gorbachev agreed that these issues should form a regular part of the bilateral dialogue. Since that time, besides discussion of these issues at the ministerial and summit levels, there has been a regular series of bilateral meetings at the Assistant Secretary level dealing with the Middle East, Afghanistan, southern Africa, the Far East, and Central America. To initiate the current round of these talks, I met with Foreign Minister Shevardnadze and First Deputy Foreign Minister Vorontsov in Moscow in March. [Assistant Secretary for Near Eastern and South Asian Affairs] Dick Murphy will hold talks on the Middle East and the gulf in just a few days.

Third, our experience in the 1970s suggests that comprehensive accords or "codes of conduct" to regulate superpower behavior are not workable. They failed to impose effective discipline on the competitive elements of our relationship and did much to create additional misunderstandings. Limited forms of agreement or cooperation on specific issues, on the other hand, may be possible. Rival powers not enjoying political intimacy or responding to common purposes have, throughout history, engaged in limited forms of cooperation dictated by mutual interest. The 1972 Quadripartite Agreement on Berlin, for example, defused tensions in that city. Efforts to arrange U.S.-Soviet cooperation at the United Nations on the Iran-Iraq war is to be seen in this framework.

Finally, we must remember that an effective diplomacy depends on maintaining key regional military balances. In the case of the Persian Gulf, U.S. policy since 1979 has focused on Soviet proximity to the region and the need to support and strengthen pro-Western powers in the region. Here, our security assistance plays a crucial role. In recognition of the key role Saudi Arabia plays in gulf security, the Administration has offered to sell Saudi Arabia a number of items, including helicopters and electronic countermeasure systems, Maverick missiles, and F-15 aircraft. These arms are defensive. They will in no way affect the military balance with Israel, but they will bolster Saudi defenses against outside intervention. U.S. willingness to help the Saudis meet

their legitimate defense needs will send a very strong signal of the level of U.S. commitment and resolve to protect our interests in the region.

With these lessons in mind, I am convinced that we can look to the future of U.S.-Soviet relations with confidence.

Visit of Prime Minister Thatcher

Prime Minister Margaret Thatcher of the United Kingdom of Great Britain and Northern Ireland made an official working visit to Washington, D.C., July 16-17, 1987, to meet with President Reagan and other government officials.

Following are remarks made by President Reagan and the Prime Minister after their meeting on July 17.

President Reagan

It has been my pleasure to welcome Prime Minister Thatcher back to Washington after her remarkable reelection triumph. She is beginning a historic third consecutive term in office, and her visit today reflects the close cooperation and friendship between our peoples and governments.

It's no secret that I personally admire the Prime Minister and that we share a common faith in freedom and enterprise. She's a strong and principled leader in the international area.

Today we had a comprehensive and thorough discussion of the issues confronting our countries and the Western alliance. We looked at a number of challenges in a variety of areas, from arms reduction to the Middle East to terrorism. Consistent with the working relationship we've developed these last 6 years, we enjoy a high degree of agreement on the major issues of the day.

One issue we discussed in detail was the status of negotiations with the Soviets on conventional and nuclear arms reductions. These negotiations have been a constant topic of consultation with the alliance. Today the Prime Minister and I reaffirmed the priorities we set out last November at Camp David, priorities the NATO foreign ministers endorsed last month in Reykjavik.

The Prime Minister and I also discussed in some detail the actions that our two countries are taking with respect to the war between Iran and Iraq, particularly our strategic interests in the region, our activities to protect

Our society is one of the most innovative and dynamic that history has known. A firm, consistent, and patient policy can attain our foreign policy goals. Perhaps in the fullness of time such an approach can even lead to the moderation of Soviet power forecast by George Kennan. ■

shipping, and our diplomatic activities in the United Nations. Prime Minister Thatcher noted in this connection that the Royal Navy has been providing protection for British ships in the gulf for some time. Similarly, the UN delegations of our two countries are pushing for strong Security Council action. It is time for an immediate end to the Iran-Iraq war, and we believe the UN Secretary General should personally undertake a mission to achieve that end. If either or both of the warring parties refuse the UN call for a cessation of the fighting, an arms embargo should be brought to bear on those who reject this chance to end this bloody and senseless conflict.

Today Prime Minister Thatcher and I also reviewed the general prospects for peace in the Middle East, including the proposals for an international conference and the conditions necessary for peace negotiations to be successful.

Our own talks today were highly successful. As I said, it was a pleasure to have the Prime Minister here. I wish her Godspeed as she now continues her journey on to Jamaica this evening, and I look forward to seeing her again soon.

Prime Minister Thatcher

I'm most grateful for your kind words and for your invitation to visit Washington. I very much wanted to come to the United States right at the beginning of my third term to underline once again the absolutely essential importance to us of the United Kingdom-United States relationship. And I'm glad to report that it is as strong and as special today as it has ever been.

Great changes are taking place in the world, including historic changes in the Soviet Union. It's a time of unprecedented opportunity if we are wise and skillful enough to grasp it. Now, more than ever, we need American leadership, and your President is uniquely able to give it and will give it. We must not let slip the tremendous gains

of the last few years. America and Europe together can secure that more stable and peaceful world, which has been our hope and our dream, if we face up to the challenges ahead.

Our talks today have covered those challenges: our wish to reduce the number of nuclear weapons, always keeping in mind the great preponderance that the Soviet Union enjoys in chemical weapons and conventional forces. We must ensure that the strong defense of the West is preserved at every step. We must watch the strategy, watch the tactics, and watch the presentation.

The Middle East—where the President and I both see an opportunity to take a major step forward in the peace process and have committed ourselves to work for it. The countries of the region should not have to go on spending such enormous sums on defense rather than on their development. And we must help them take the difficult steps necessary for peace.

And we must continue policies which lead to the economic growth and prosperity which we need in order to meet our own people's ambition for a better life and, at the same time, to provide the resources to help others to raise their standard of living.

The President and I are at one in wanting to see an agreement eliminating intermediate nuclear missiles on a global basis. The main elements are on the table. Effective verification is vital; trust is not enough. Performance has to be checked at every stage. The Soviet Union has massive stockpiles of modern chemical weapons, and we do not. This puts our armed forces at a wholly unacceptable disadvantage. The United States and United Kingdom have put forward proposals to eliminate or otherwise deal with this imbalance. The President and I also confirmed the priorities for future arms control negotiations on which we arrived at Camp David last November. We reaffirmed the vital importance of nuclear deterrence in preserving peace.

And second, we discussed the prospect for peace in the Middle East. We agreed—and here, Mr. President, I use words which we both formally endorsed—we agreed that direct negotiations between the parties are the only practical way to proceed. We explored how an international conference might contribute to bringing about such negotiations. Clearly, it would not have the right to impose solutions or to veto agreements reached by the parties. And we must continue to make progress in

the peace process and commit ourselves to work for that.

And third, we devoted particular attention to the Iran-Iraq war and the gulf, where we strongly support the proposed Security Council resolution calling for a cease-fire and withdrawal. We hope that it will lead initially to an end to attacks on shipping in the gulf and, ultimately, to a negotiated end to the conflict. In the meantime, as you said, Mr. President, we are each protecting our own merchant ships and tankers.

And fourth, we agreed on the importance of resisting protectionist measures, in whatever guise, and on the need to reduce agricultural support and protection. No one is blameless, and we will not make progress by casting stones at others. It must be a cooperative effort.

Mr. President, may I thank you once again for your hospitality, for America's friendship and staunch leadership of the West, and for these constructive talks to chart the way ahead.

¹ Made at the South Portico of the White House (text from Weekly Compilation of Presidential Documents of July 20, 1987). ■

32d Report on Cyprus

MESSAGE TO THE CONGRESS, JULY 17, 1987¹

In accordance with Public Law 95-384, I am submitting to you a bimonthly report on progress toward a negotiated settlement of the Cyprus question.

In his May 29 report to the Security Council, which I have attached as required by law, the U.N. Secretary General reviewed recent developments in the search for a peaceful Cyprus settlement. He noted his increasing concern over the situation in Cyprus, citing specifically the existing deadlock in efforts to resume negotiations between the parties; distrust between the leaders of the two communities; tensions over Varosha; military build-ups on the island; and the problems facing the U.N. Forces in Cyprus (UNFICYP).

The Secretary General noted that if this trend was to be reversed, it would be essential to find a means of resuming an effective negotiating process. Progress toward that goal, he said, was blocked at present by the conditions the two sides had set for negotiations to take place. While the Turkish Cypriot side insisted that discussions cannot proceed unless the Greek Cypriot side also accepted the Secretary General's March 1986 draft framework agreement, the Greek Cypriot side said that it would not comment on that document until what it termed the basic issues of the Cyprus problems were addressed. The Greek Cypriot side also continued to press for the convening of an international conference, a proposal rejected by the Turkish Cypriot side and the Government of Turkey, and about which Security Council members were also divided.

The Secretary General said in his report that both sides assured him of their readiness to negotiate seriously about the establishment of the federal republic envisaged in their high-level agreements of 1977 and 1979. He also noted his continued belief that his February 1987 proposal for informal discussions, to which the Greek Cypriot side had responded favorably, could help create the

conditions for resumption of substantive negotiations. He urged the parties to bear in mind the risk that if they continued to insist on the conditions they had set for negotiations to take place, there would be no realistic prospect of negotiating a settlement of the Cyprus problem.

This situation is also a matter of concern to the United States, which sincerely seeks the achievement of progress toward a negotiated Cyprus settlement. Consequently, we commend the Secretary General's continued efforts with the parties to resume the negotiating process he launched in August 1984 and to build on the progress achieved so as to achieve an overall agreement that would address as an integrated whole all the issues of concern to the parties.

Throughout this period, the United States continued to provide its strong support to the Secretary General's efforts. To this end, we maintained a dialogue with all the concerned parties both on the negotiating process and the situation on the island. In addition, Under Secretary [of State for Security Assistance, Science, and Technology Edward J.] Derwinski visited Turkey and Greece June 2 to 6. While in Athens, he met with President Kyprianou, at the latter's request.

On June 12, the U.N. Security Council renewed the mandate of UNFICYP for an additional 6 months. As a result of the financial arrangements for UNFICYP, however, which have obliged troop-contributing states to absorb continuously increasing costs, Sweden announced that it would withdraw its contingent from UNFICYP as of January 1, 1988. The Secretary General has said he plans to report further to the Security Council on the results of his consultations on UNFICYP financing.

Sincerely,

RONALD REAGAN

¹Identical letters addressed to Jim Wright, Speaker of the House of Representatives, and Claiborne Pell, chairman of the Senate Foreign Relations Committee (text from Weekly Compilation of Presidential Documents of July 20, 1987). ■

U.S. National Interest and the Budget Crisis

by Michael H. Armacost

Address before the Rotary Club in Lexington, Kentucky, and the Committee on Foreign Relations in Louisville, Kentucky, on May 7, 1987. Ambassador Armacost is Under Secretary for Political Affairs.

I would like to take this opportunity to convey to you my deep concern about a major foreign policy crisis we are in danger of creating for ourselves. Shortfalls in the budget for international affairs, and in particular for foreign assistance, threaten to undermine some very real national security interests.

In addressing this problem today, let me first explain what our foreign assistance program is about and what it is not about. Then I would like to describe the dimensions of the current problem and suggest what can be done about it.

Foreign Assistance: Myth and Reality

As we travel about the country addressing audiences like this, we encounter a number of misconceptions, shibboleths, and myths about our foreign assistance programs that demand analysis.

First, there is the idea that foreign aid is a huge program that constitutes a significant drain on the Federal budget. Many Americans apparently believe foreign assistance spending amounts to as much as 40% of the Federal budget. This is, of course, nonsense.

During the height of the Marshall Plan—its 40th anniversary is next month—foreign economic assistance absorbed roughly 11% of the Federal budget. Today, the economic component of our foreign assistance—development assistance, economic support funds (ESF), Food for Peace (PL 480), and the Peace Corps—totals about \$8.4 billion. That works out to considerably less than 1% of the Federal budget or less than one penny of a tax dollar to assist America's friends and allies around the world.

A second misconception is that foreign aid—whatever benefits it confers on others—is money lost to the United States. The truth is that about 70% of bilateral foreign assistance is spent in the United States, not abroad.

A third misconception—one with strong emotional appeal—is that aid is a giveaway. We do make grants, of course, and we extend loans to some developing countries at low interest rates with extended grace and payback periods. But we do so not out of some misguided sense of altruism but to advance some very specific foreign policy purposes—to maintain base rights in strategic countries, to further the peace process in the Middle East, to hasten the development of countries which have the potential to become major purchasers of American products. For example, 20 years ago Taiwan was struggling to feed its people and was receiving substantial American assistance. Today, Taiwan has become a major purchaser of American grain and other products at market prices and is now one of our largest trading partners.

A fourth misconception is that developing countries do not pay their debts. On the contrary, approximately one-third of our official assistance has been extended as loans or credits and is being repaid, with interest. The overall repayment record of the Third World has been quite admirable, with defaults of all loans extended amounting to less than 1% since 1946. Commercial banks would envy such a record.

A fifth misconception is that the United States carries virtually the whole foreign aid burden itself, that our friends and allies don't do their fair share. The fact is, they do.

Japan has become the second largest donor of bilateral and multilateral official development assistance worldwide. Japanese aid doubled between 1979 and 1981 and again between 1982 and 1986. Our European allies are also substantial partners in burden-sharing. In fact, our share of worldwide assistance of all types has shrunk rather dramatically in the last 35 years or so. In the 1950s, America provided over half of all global assistance. Today our share has fallen to less than 30%. This is, in part, due to the fall in the relative value of the dollar. But it also reflects the increasing importance of the multilateral lending agencies which are the vehicles most frequently used by other donor nations. Whatever the institutional arrangement, most other major donors devote a much larger and an increasing percentage of their GNP [gross national product] to foreign assistance than we do.

Finally, there is the damaging myth that our aid is heavily skewed in favor of military programs. In fact, the ratio between economic and military assistance is roughly two to one. There is, of course, a direct connection between the success of our defense programs and our foreign assistance effort. Insecure nations invariably face an adverse business and investment climate; in those cases, economic assistance without military assistance can offer only a reduced benefit.

The Current Problem: Foreign Assistance and National Priorities

Today we face a problem of growing proportions: there is a large and widening disparity between our security and economic interests, on the one hand, and the resources at our disposal to pursue those interests, on the other. Persistent misconceptions about foreign assistance and the ever-tighter budget are squeezing our ability to defend our global national interests. We cannot remain a first-class world power if we commit fewer resources to our foreign relations than our adversaries commit to theirs. Nor can we maintain our political, economic, and humanitarian values in a dynamic world environment through the strength of our military power alone.

Over the last 6 years, this Administration has reinvigorated our economy, restored our military strength, and strengthened our ties with friends and allies the world over.

Our European alliance is strong and vital. In NATO, American leadership has created a new sense of unity and common purpose. We have also built a network of strong ties in Asia—relationships that will be crucial to global prosperity and regional security well into the next century.

Our policy toward the Soviet Union, which remains our primary security challenge, is based on dialogue from a position of strength. On the one hand, we have improved our defenses. On the other hand, through firmness and realism, we have launched a high-level dialogue—not just on arms control but on the full agenda of issues. Because of our firmness, we have seen the Soviet leadership increasingly address the key issues between us—and within *our* negotiating framework, not theirs.

In the developing world, we strongly backed a remarkable surge toward democracy. In Latin America, the percentage of the population living under freely elected governments has grown from 30% in 1979 to more than 90% today. Democracy has also made great strides in the Philippines, in the Caribbean, and throughout the Third World. Our assistance has helped provide the economic stability to make this possible. More and more people seem willing to resist authoritarian or military governments and the yoke of totalitarian oppressors; they seek and deserve our help.

We have also seen an encouraging trend toward greater confidence in free market-oriented solutions to the problems of economic growth. We now find, almost everywhere in the world, movements to decentralize, deregulate, and denationalize and to encourage private enterprise. Even in the communist world, reforms in China demonstrate that entrepreneurial initiative in a market environment is the best engine of development and growth.

We have also witnessed and encouraged broad changes in the international climate of opinion. Attitudes toward freedom have changed dramatically in the world—and largely because of America's example. Once it was fashionable to say that the free nations were behind the times; that communism was the wave of the future. Not any more: those seeking freedom—the Afghans, Nicaraguans, Angolans, Cambodians—have changed all that.

All of this represents important progress. But there is still much to be done. Past success lays the foundation for future progress—it does not assure it. Precisely because foreign affairs issues do not lend themselves to quick fixes, Americans have to be prepared to tackle them on a steady, long-term basis. Yet, just as we should be consolidating and building upon our recent gains, we stand on the threshold of a major reversal brought about by penny-wise, pound-foolish budget decisions.

This fiscal year's international affairs budget—diplomatic operations, contributions to the multilateral agencies, and both economic and security assistance—is \$5.6 billion lower than in 1985. That is a cut of 25% in 2 years. We simply cannot afford this debacle.

But unless there is a dramatic and rapid shift in opinion in the Congress, a repeat is just what is in store. For fiscal year (FY) 1988 we requested \$19.7 billion for foreign affairs activities—over three-quarters of that for foreign

assistance. While the authorization and appropriation processes are not yet complete, it appears that the Congress is determined to slash our budget once again. Recently, the House passed a budget resolution to cut funding by \$500 million—another 3%—from this year's level. The Senate is debating proposals which are still worse.

When you take into account those programs the Congress has mandated—or earmarked—at specific amounts (i.e., Egypt, Israel, Ireland, Pakistan, etc.), the impact on other needy nations is even more stark. This year, for example, funds available to non earmarked countries are 59% below our request for economic support funds and 63% below our request for military assistance. We simply cannot conduct a realistic global policy with such reductions.

What's at Stake

The entire foreign affairs budget is so small (less than two cents of every budget dollar) that very little real savings can be gained from such reductions. For example, even if you zeroed out all new spending for international affairs—a 100% cut—you would reduce spending by only about \$10 billion. If you exclude Israel and Egypt, as most are quick to do, potential savings would be less than \$7 billion. Since no one is recommending a 100% cut, we are really only talking about small change relative to a budget deficit which exceeds \$150 billion. But the sums involved cut programs which are essential in terms of our ability to carry out a foreign policy which meets our vital national interests. What do these funding reductions mean?

We are no longer able to meet all our foreign assistance commitments around the world and are faced with unacceptable choices—either to cut off assistance to some countries altogether or to pare drastically assistance to key friends and allies so that we can continue a global policy, though at a very low level. We chose the latter option as the lesser of two evils, but it is causing us serious problems.

- We are no longer able to meet our commitments to NATO allies. This year we have had to slash aid to Spain by 73%—just when we are negotiating for renewal of rights to military bases in that strategic country. Our assistance to Turkey is already hundreds of millions of dollars below the levels necessary if they are to meet their NATO commitments and if we are to meet our pledges under our base rights agreement. The Turks are already accusing us of bad faith. And

for Portugal, host to our Air Force base in the Azores which played a key role in our emergency support to Israel during the 6-day war, our assistance is more than \$50 million below our “best efforts” commitment to that country.

- For the Philippines, where President Aquino is struggling to sustain and advance the democratic reforms of the past year, we are also well short of the military aid targets under the base agreement. I need not point out how much we depend on our bases there for projection of our military power in the Pacific and Indian Oceans.

- In Central America, we already have a cumulative shortfall in economic assistance of over \$800 million from the recommendations of the 1984 National Bipartisan (or Kissinger) Commission report.

- We cannot meet our obligations to the multilateral development banks (MDBs), just when we are counting on them to help developing countries with serious debt problems get back on the path of self-sustaining economic growth. Last year, our funding request for the MDBs was cut by a third. We are already \$207 million in arrears on IDA [International Development Association] VII. Let me repeat: we are in arrears.

- Similarly, our assistance for supporting economic reform in Africa—a major success story as country after country in Africa abandons the stale orthodoxy of state control for the benefits of the free market—was reduced so severely that we can only provide 30% of the necessary resources.

Undermining the Foreign Policy Infrastructure

The cuts also are making it very difficult for the State Department to function effectively. For example, embassy security programs, even in high terrorist-threat areas, are being curtailed. More than 60 of our embassies and more than 300 other buildings abroad must be totally replaced. But if Congress does not provide more in FY 1988 than it seems inclined to do, the effect will be a 2-year delay in new construction starts, effectively freezing our diplomatic security upgrade. Similarly, there would be across-the-board reductions in our programs for protecting foreign missions and officials in the United States.

Our foreign policy infrastructure has been severely impaired. This deprives us of information vital to our national security and necessitates reductions in the services we can provide to American travelers and businesses abroad. This

year, we are being forced to shut down seven consulates in addition to the seven posts closed last year. A further substantial cut in FY in 1988 could necessitate a 10% reduction in State Department personnel at home and abroad.

Closing diplomatic posts means hauling down the American flag in countries in which our security, political, and economic interests argue strongly for a U.S. presence. However we explain our actions, foreigners see only one thing—the retreat of the United States from involvement in the world.

Future Shock

This is bad enough. But suppose we had to live with a further major cut in FY 1988, as might well happen. What would the impact be? I have already indicated that we would need to reduce staff, both in Washington and overseas. The impact on our foreign assistance programs would be equally grim, probably including:

- Further gutting our base rights commitments just as our new agreement with Turkey gets underway and negotiations continue with Spain and Greece;
- Zeroing out of assistance to countries where we enjoy access agreements (such as Kenya, Somalia, Oman, Morocco);
- No meaningful aid for Africa, the Caribbean, Latin America, or East Asia; and
- Arrearages on the order of 50% to the MDBs.

In short, we are fast approaching a time when our budget will only pay for assistance to Israel, Egypt, Pakistan, and Central America, with inadequate support for the base rights countries and withdrawal everywhere else.

Additional cuts in FY 1988 would have a substantial impact on other foreign affairs activities as well. For example, it would mean, among other things:

- Bankruptcy for the Board for International Broadcasting, which underwrites Radio Free Europe and Radio Liberty;
- A freeze on new radio construction for the Voice of America (VOA) just when the Soviets are spending more to jam our broadcasts than we spend to transmit or on VOA as a whole (FY 1987 budget reductions have already forced VOA to reduce broadcasts by 114 hours weekly, or 10%, in 7 languages—the largest single cut since the 1950s); and
- Cuts in the Peace Corps and Fulbright programs.

I do not want to belabor the obvious. The serious mismatch between our policies and our resources creates vacuums that others can—and will—exploit to their own advantage. And it encourages potentially dangerous confusion among friends and adversaries alike about the scope and aims of American policy.

The disturbing thing is that we have seen all this before. Yet apparently we have forgotten the lessons of the 1930s. As in the 1930s, today's pressures for withdrawal from the world add up to a dangerous isolationism. But there is an important difference. Just as America's role in the postwar world is much more important than it was in the 1930s, so, too, are the risks of our indifference.

What Must Be Done

For nearly half a century, the United States has shouldered its responsibilities as a leader of the free world and the champion of those struggling to join us. Through our efforts, we have made enormous gains in advancing our interests and ideals. Our prosperity, our technological dynamism, and the vitality of our alliances combine to make us a force

for progress without peer. We hold the winning hand—if only we persevere. We must not permit our capacity for constructive leadership to atrophy. To secure and advance our interests and values, we must remain fully engaged with the world.

Over the past 6 years, Republicans and Democrats have made important strides toward rebuilding a consensus about the foreign affairs challenges and opportunities remaining as this century draws to a close. It is a consensus marked by realism about Soviet aims, appreciation of the need for a strong defense, and solidarity with allies and friends. We must now use our consensus to restore the budgetary resources needed to conduct a responsible global foreign policy. If we do not, our adversaries will interpret this as withdrawal, and we and those who depend on us will pay the consequences in terms of national security, our trading relationships, etc. We must, therefore, rise above the procedural complexities of congressional-executive branch relations to forge—and fund—a foreign policy that will enable the national interest to prevail. ■

Middle East Activities

by Richard W. Murphy

Statement before the Subcommittee on Europe and the Middle East of the House Foreign Affairs Committee on July 28, 1987. Ambassador Murphy is Assistant Secretary for Near Eastern and South Asian Affairs.¹

At the end of April, I last appeared before this committee to discuss the broad range of issues we face in the Middle East. Since that meeting, American policy in the Persian Gulf has overshadowed other regional topics. Today I want to look again at the larger picture: to bring you up to date not only on our efforts to advance U.S. interests in the Persian Gulf but also to discuss some of our other concerns in the Middle East region. Despite the media's preoccupation with the military and security aspects of our Middle East policy, the fundamental thrust of our efforts is the peaceful resolution of conflicts through diplomacy. Accordingly, we have been active in pursuing the Arab-Israeli peace process and in seeking an end to the Iran-Iraq war.

Persian Gulf

The United States is leading an international effort to press for peace in the Iran-Iraq war, while defending our interests in the gulf and helping our friends there protect their interests and security. Last week the world community took unprecedented action in the UN Security Council. On July 20 the Council unanimously passed a mandatory resolution for a comprehensive end to the gulf war, a resolution for which the United States and others have worked long and hard for several months. It calls for a cease-fire, return to boundaries, and a negotiated settlement of the war. Never before has the Security Council mandated a cease-fire without prior agreement by the belligerents; the international community has clearly gone on record with its determination to see this conflict end.

More work needs to be done, however. There are two diplomatic "next steps." The UN Secretary General will devote the next several weeks to trying to implement the resolution, urging the

two parties to mediate a settlement. We fully support his efforts. At the same time, we will be pressing for a second resolution containing enforcement measures should either party refuse to comply with the resolution. It would be more difficult to reach agreement on the second resolution than on the call for a cease-fire. But we believe it essential—to help stop the war and to refute the critics who argue that the UN Security Council is ineffective in its peacekeeping role. If the parties do not accept the cease-fire, with the support of our friends and allies, we will push the Council to adopt the second resolution.

As to the belligerents' response to the Security Council's resolution, Iraq's initial reaction was positive. It accepted the resolution contingent on Iran accepting it too. Iran, while criticizing the resolution, has not revealed its formal position. We hope both sides will see the wisdom and necessity of moving forward on the basis of the resolution to bring this tragically destructive war to end.

While vigorously pursuing the peace track, we have demonstrated our resolve to counter Iranian intimidation and Soviet encroachment in the gulf by reregistering and protecting 11 tankers formerly owned by Kuwait. As of today, two former Kuwaiti vessels, now owned by a U.S. corporation and flying the American flag, have been escorted through the Strait of Hormuz to Kuwait. The remaining nine ships will be reregistered within the next 6 weeks. We expect there will be a second convoy shortly and, once all 11 ships are re-registered, five or six convoys each month.

Our allies have been very helpful. The French and British maintain, at an increased tempo, ships in the gulf which cooperate informally with U.S. Navy vessels. The Gulf Cooperation Council (GCC) states have been supportive and are assisting us in a variety of ways including the following: Saudi Arabia has agreed to run a southern AWACS [airborne warning and control system] orbit that covers the Strait of Hormuz, and the Saudis and Kuwaitis have helped to clear mines from the deep channel leading to Kuwait's main oil terminal.

The Government of Iran should have no pretext to misread our position and actions. We have made it clear to Tehran that our actions are intended neither to provoke nor to challenge Iran. We will be prudent and expect prudence from Iran as well. We have the capability and the will to defend our interests.

Iran's public reaction to our protective measures has been shrill and

U.S. Policy in the Persian Gulf

WHITE HOUSE STATEMENT, JUNE 30, 1987¹

The President just finished meeting with the bipartisan leadership of the Congress on our policy in the Persian Gulf. It was agreed that the United States has vital interests in the gulf, that we cannot permit a hostile power to establish a dominant position there, that we must remain a reliable security partner for our friends in that region, and that continued close consultation between the Administration and the Congress is essential.

The U.S. strategy for protecting our interests in the gulf must continue to focus on the urgent need to bring the Iran-Iraq war, now in its seventh bloody year, to the earliest possible negotiated end, leaving no victor and no vanquished.

In the weeks ahead, the Administration will be pursuing diplomatic efforts to reduce tensions in the gulf and help end the Iran-Iraq war. As the President emphasized yesterday in letters to all members of the UN Security Council, the United States urges that the Security Council meet before the middle of July to pass a strong, comprehensive resolution calling for an immediate cease-fire and withdrawal to borders, exchange of prisoners, establishment of an impartial body to determine responsibility for the conflict, and an international postwar reconstruction effort. The President directed Secretary of State Shultz to personally represent him at that meeting, as well as to manage our overall diplomatic effort. UN Secretary General Perez de Cuellar supports this effort.

In the meantime, the United States will be consulting at the United Nations on a second resolution that would place

effective sanctions to bear against any party which refuses to comply with the cease-fire withdrawal resolution. The President is sending Ambassador Walters [U.S. Permanent Representative to the United Nations Vernon A. Walters] to several capitals for consultations on Security Council action.

As we pursue this major diplomatic initiative, we will continue efforts to bolster the security of our friends in the gulf. We are moving forward with preparations for registration under U.S. flag of 11 Kuwaiti-owned tankers, as well as with careful security arrangements to protect them. We expect those arrangements to be in place by mid-July, at which time we plan to proceed. When we begin this operation, those tankers will be full-fledged U.S.-flagged vessels, entitled to the protection the U.S. Navy has historically accorded to U.S.-flagged vessels around the world. We will also continue to work closely with our friends and allies and with the Congress on meeting and reducing the security threat in the gulf.

The Administration's overriding goals in the Persian Gulf today are to help our moderate Arab friends defend themselves, to improve the chances for peace by helping demonstrate that Iran's policy of intimidation will not work, to bring about a just settlement of the Iran-Iraq war that will preserve the sovereignty and territorial integrity of both parties, to curtail the expansion of Soviet presence and influence in this strategic area, and to deter an interruption of the flow of oil.

The Administration will continue to pursue these aims with forceful and energetic diplomacy in the weeks ahead.

¹ Text from Weekly Compilation of Presidential Documents of July 6, 1987. ■

threatening. Iran uses such rhetoric to whip up the emotions of its own people against the United States and also to influence American domestic public opinion to call for a withdrawal of our naval vessels from the Persian Gulf. This effort will not work. While we may not have full agreement on tactics, we are, as a nation, united in our assessment of the vital nature of our strategic interests in the gulf. We are determined to maintain our commitments there.

There are risks to our policy, although the long-term risks of inaction would have been greater. Iran could try to attack our ships by further mining, missiles attacks, or by using its naval or air forces. It could also sponsor terrorists attacks against American installations and personnel overseas or attacks against friendly gulf Arab states like Kuwait. We are on our guard and will remain so.

Unilaterally, we will continue with Operation Staunch to stem the flow of

arms to Iran and hope to internationalize our effort through enforcement measures associated with the UN ceasefire resolution. In sum, it is our fervent hope that our diplomatic efforts will succeed and that both Iran and Iraq will accept the UN Security Council resolution as the vehicle to end this tragic war.

Peace Process

Over the past 2 years, I have reported to this committee on our intensive efforts to move the Middle East peace process forward. I cautioned that this would be a slow process with incremental steps, and so it has been. We remain convinced that the only practical way to proceed is through face-to-face negotiations between the parties concerned, but we have been exploring how an international conference might contribute to reaching these negotiations. There has been an encouraging convergence of views on the particulars of such a conference, although many questions remain unresolved—in particular the role of the Soviet Union and representation for the Palestinians. Also the Government of Israel is divided on how to proceed toward negotiations and has not yet reached a decision. We hope that these divisions can be overcome, and we will continue to work with the Israeli leadership and the other parties to move the process forward.

All the parties must realize that inaction is dangerous. The *status quo* is unstable, and change is inevitable, for better or worse. All the parties have an obligation to find ways to shape a process that has a chance of working for peace. Those who oppose the exploration of new ideas, or revisiting old ideas, should offer alternatives to advance the process.

I met my Soviet counterpart, Vladimir Polyakov, in Geneva a couple of weeks ago as part of the series of meetings of U.S. and Soviet regional experts. In this, our third annual session, the Soviets demonstrated their interest in a serious exchange of views. They spoke at length of their interest in progress toward Middle East peace. At the same time, they made no commitments and reiterated many familiar positions. There are still important gaps between Soviet and U.S. views on how to proceed. We are waiting for a demonstration that the Soviets are willing to play a constructive role and that they are willing to change their negative policies limiting emigration of Soviet Jews and continuing to withhold diplomatic

recognition of Israel. I think we gave them much to think about and are waiting to see how they respond.

Israel

In addition to our close dialogue with Prime Minister Shamir and Foreign Minister Peres on the peace process, we are maintaining a broad dialogue with Israel at many levels and on a wide variety of issues.

As you know, we believe that improvements in the quality of life of Palestinians in the West Bank and Gaza can contribute to an atmosphere conducive to the peace process. This effort includes encouraging economic development, providing better living conditions, and urging greater Palestinian control over their daily lives. Progress is being made on these quality of life issues. Jordan has launched an important effort to improve the lives of Palestinians through its development program for the West Bank and Gaza. The Government of Jordan has created a mechanism for identifying, selecting, and monitoring projects for the program, and we are providing additional funds for this initiative. We are also continuing our assistance through private voluntary organizations despite funding

reductions in 1987; and the European Community will spend nearly \$3 million for health and agricultural projects this year. Unfortunately there have been more frequent disturbances and casualties in the Occupied Territories since the end of 1986 than in past years, although these incidents appear to have subsided recently. Both the Israeli authorities and the Palestinians need to exercise great care and responsibility to prevent confrontation and violence, which undermine the atmosphere needed for reconciliation.

The Government of Israel is facing a difficult decision on the future of the Lavi fighter aircraft. It has known for some time that we have serious concerns about the cost of the Lavi project and the effect it could have on the Israeli defense budget and the overall economy. We and the Government of Israel agree that the Lavi cannot be funded within the levels of our security assistance program without eliminating other important projects. For its part, the Israeli Cabinet is worried about the impact of ending the Lavi project on employment and the country's technical infrastructure. Defense Minister Rabin's visit to Washington in July focused on our bilateral security assistance in the context of a Lavi decision. We discussed

Food Aid to Lebanon

DEPARTMENT STATEMENT, JULY 10, 1987¹

The U.S. Agency for International Development recently approved a second tranche of \$6.8 million in emergency food assistance to Lebanon. This shipment is in addition to the \$8.4 million in food aid announced in April. The United States' direct food assistance to Lebanon is now valued at \$15.2 million.

In this second tranche, the United States will provide 15,681 metric tons of basic food commodities (rice, lentils, nonfat dried milk, and vegetable oil) valued at \$4.9 million. This food adds another 6 months—for a total of 1 year—of food ration distribution to 100,000 needy, displaced, and war-affected families. Target beneficiaries of this program are located in all parts of Lebanon, and this food aid is being distributed to them regardless of their confessional affiliation. Special attention

will be given to nutritionally vulnerable groups such as children and the elderly.

The second tranche of commodities is scheduled to arrive in Lebanon in October 1987. A \$1.9 million grant will cover costs of transporting these commodities.

This program will be implemented in consultation with the Government of the Republic of Lebanon through Save the Children Federation. Under Save the Children Federation's supervision, food will also be distributed through local private voluntary organizations and coordination committees.

This second tranche of this special food program has been approved in recognition of worsening economic conditions faced by the most needy Lebanese and of the interest of the American people in helping during this difficult period.

¹ Read to news correspondents by Department spokesman Charles Redman. ■

ways the United States could be helpful in addressing Israeli concerns about our security assistance program without an adverse impact on our own budget. We understand that the Israeli Cabinet may reach a final decision on the Lavi in the coming weeks.

Regional Security

Our discussions with the Government of Israel on the Lavi are an aspect of our larger dialogue with Israel on security assistance and cooperation and our commitment to help Israel ensure its qualitative military advantage over its adversaries. This commitment remains a central factor in our overall policy of working with our friends in the region—Israeli and Arab—to help meet their legitimate security needs and to avoid any actions that could adversely change the balance of forces in the region between Israel and the Arab states. Our policy—past, present, and future—is to avoid any arms sales that would create regional instability or compromise Israel's security. We have succeeded in this goal. Our assessment, based on expert interagency analysis, confirms that Israel has grown stronger militarily in the region in absolute terms and, more importantly, relative to its potential adversaries and that Israel's margin of superiority continues to grow.

Egypt. The recent visit of Egyptian Foreign Minister Meguid to Israel for discussions with Prime Minister Shamir and Foreign Minister Peres is one more indication that Egypt and Israel, both close friends and partners in the peace process, are engaging with each other more comprehensively as neighbors. The increased tempo of contacts between Israel and Egypt, following their negotiated agreement last year to submit the Taba dispute to arbitration, is a very positive development.

Our strategic relationship with Egypt is also faring well. The Egyptian focus over the past several months has been on addressing its severe economic difficulties, which were triggered by unfavorable developments in the oil markets. The Government of Egypt has taken several important steps to put its house in order, including increases in energy and fuel prices, partial unification of the exchange rate system, adoption of a tighter budgetary stance, and liberalization of agriculture to allow greater private sector participation. As an endorsement of these measures, the International Monetary Fund approved a \$310 million stand-by provision for Egypt in May, Egypt's first use of IMF

resources since 1978. In addition, official creditors under the auspices of the Paris Club agreed to a generous debt rescheduling.

These were only first steps, however. We recognize that a great deal more will have to be done and that more difficult decisions lie ahead. We have maintained a close and detailed policy dialogue with the Egyptian Government aimed at encouraging and facilitating these painful but necessary economic reforms. We plan to continue this dialogue and to utilize our foreign assistance resources to promote economic adjustment and growth.

Syria. I want to touch on our relations with Syria, which have been troubled in the past by Syria's support for terrorism. There are some indications that Syria's attitude toward terrorism is changing. In early June, it closed the offices in Damascus of Abu Nidal, one of the most vicious terrorist organizations in the world, and expelled members of the organization from Syria. This move could well complicate Abu Nidal's operations. President Reagan subsequently sent Ambassador [to the United Nations] Vernon Walters to Syria in late June as his special emissary to discuss terrorism, U.S.-Syrian relations, and other issues with President Assad.

Our position has consistently been that if Syria takes steps to modify its policy on terrorism, we will respond. Syria is an important factor in the Middle East equation. We would welcome the further evolution of Syrian policy in a constructive direction, and we are now

exploring possible bases for broadening our dialogue. Meanwhile, Syria remains on the terrorism list, and the sanctions that were imposed last November remain in effect.

Lebanon. Finally, we continue to support the unity, sovereignty, and territorial integrity of Lebanon. In recent weeks, we have called for the arrest and punishment of those individuals responsible for the assassination of Prime Minister Karami. Recognizing that Lebanon's political problems cannot be solved by force, we believe that all friends of Lebanon will support efforts to end the fighting, disband the militias, and promptly reestablish a dialogue that will lead to political reform and security through national reconciliation.

Our joint diplomacy, at the United Nations to end the Iran-Iraq war, our protective operations in the Persian Gulf, our continuing pursuit of the Arab-Israeli peace process, and our efforts to discourage terrorism are examples of this Administration's constant dedication to the search for stability and security in the Middle East and for peaceful solutions to area conflicts. We welcome the interest and support of the Congress as we continue these difficult and critical efforts for peace.

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. ■

Problems of Assurance of Nuclear Supplies

by **Fred McGoldrick**

Address before the Atomic Industrial Forum in San Francisco on May 27, 1987. Mr. McGoldrick is acting Deputy Assistant Secretary for Nuclear Energy and Energy Technology Affairs.

Government's need for effective non-proliferation controls and industry's requirement for assurance of nuclear supplies have been inevitably linked since the dawn of the nuclear age. The relationship has been akin to a long marriage—complementary but complex, sometimes a bit rocky but based on a real mutual need.

The relationship stems from the twofold nature of nuclear energy. The atom can be harnessed for the production of low-cost electrical energy, agriculture, medicine, and for a myriad of other peaceful purposes. However, as this audience knows well, the physics of the peaceful atom and the military atom are the same. Much of the material and equipment for peaceful nuclear development can also be applied to nuclear weapons. As nations master the technology of peaceful nuclear development and acquire its hardware and materials, they inevitably draw closer to the capability to produce nuclear weapons.

The Need for Nonproliferation Assurances

The two-edged character of the atom and the necessity of imposing effective controls were recognized early in the nuclear age. As early as 1946, the Baruch Plan envisaged making the benefits of nuclear energy widely accessible, provided that an international atomic energy authority imposed adequate restraints on its use. President Eisenhower's proposal in 1953 for the establishment of an Atoms for Peace program to share nuclear technology for civil applications was also based on the proposition that effective controls had to be placed on peaceful nuclear trade to ensure against its use for military purposes. Following the Atoms for Peace speech, the United States amended its Atomic Energy Act and, beginning in 1955, entered into agreements for cooperation with other countries to share in the research and power applications of the atom.

These agreements provide the basic legal framework to facilitate international commerce in nuclear energy. While they vary in scope and detail, they all have embodied two basic conditions.

First, any exports taking place under an agreement must be used exclusively for peaceful purposes.

Second, they must be subject to effective safeguards and other nonproliferation controls.

The basic philosophy of the Atoms for Peace program was based on twin principles.

- The first was that countries should have a right to enjoy the peaceful benefits of nuclear energy and that governments should encourage and facilitate international commerce in nuclear materials, equipment, and technology in order to promote global economic development and welfare.

- The second principle was that states wishing to take advantage of the peaceful applications of nuclear energy must make effective commitments not to misuse that technology for nonpeaceful purposes and to accept adequate verification of those commitments.

These same two pillars undergird the Treaty on the Non-Proliferation of Nuclear Weapons (the NPT). Indeed, the NPT strengthened and expanded the nonproliferation side of the equation in two important respects. While the Atoms for Peace program made international cooperation dependent on certain nonproliferation assurances, the latter were not comprehensive. No renunciation of nuclear weapons or nuclear

explosives in general was required as a condition of export, and no commitment to verify the peaceful character of all nuclear activities was required. The NPT, on the other hand, reflected the conviction that to enjoy the benefits of peaceful uses of nuclear energy, a country's commitments must be complete and comprehensive. Hence, articles II and III of the treaty obligate non-nuclear-weapon states party to the treaty to forgo the manufacture and acquisition of nuclear weapons and nuclear explosives and accept safeguards on all their peaceful nuclear activities. In return, article IV of the treaty reaffirms the right of all parties to develop and use nuclear energy in conformity with their nonproliferation obligations and binds all parties to facilitate the fullest possible exchange of equipment, materials, and scientific and technological information for the peaceful uses of nuclear energy. Article IV also requires that parties in a position to do so cooperate in contributing to the further development of the applications of nuclear energy for peaceful purposes.

There have been and continue to be varying opinions on the kinds of commitments and controls that ought to accompany international nuclear trade. Nevertheless, acceptance of the basic need for nonproliferation assurances as an essential part of nuclear commerce is widespread and fundamental.

The Need for Effective Assurances of Supply

But what of the other side of the equation—the need for effective assurances of supply? The development and utilization of nuclear energy require large-scale investment of capital and other resources and long lead times. It would be difficult for a country to develop nuclear power without a reasonable assurance of supply of the materials, equipment, and technologies necessary for its nuclear program. For the same reason, individual industries would hesitate to invest billions of dollars required to construct the necessary facilities without having assurances of long-term supply. Thus, long-term assurance of supply is essential for those countries dependent on or interested in international nuclear cooperation.

An international political climate that is conducive to the development and operation of a healthy nuclear industry is essential to the efficient functioning of market forces. Government policies can go a long way in creating such a climate. However, changes in governmental policies or uncertainties relating to their

implementation can cause delays, inconvenience, and financial loss to those engaged in international nuclear trade.

To a large extent, nonproliferation policies have been supportive of international trade and have been an essential ingredient in providing the stable political environment required for effective assurances of supply. It is an obvious point, but one perhaps not fully appreciated by some, that a world with many nuclear-weapon states is a threat not only to international security but also to the development of peaceful nuclear commerce. A saying current a few years ago—"a nuclear accident anywhere is a nuclear accident everywhere"—has a ring of relevance to this issue. A proliferation event anywhere is a proliferation event everywhere—even if the event in question has nothing to do with civil nuclear programs or peaceful nuclear commerce. The public finds it difficult to make distinctions between a dedicated weapons program and peaceful nuclear activities. The casualty will not only be international security but peaceful nuclear commerce as well. The international nonproliferation regime has been highly effective in preventing the spread of nuclear weapons and thereby creating the framework within which nuclear industry can develop and grow. The International Atomic Energy Agency (IAEA) and its safeguards system, the NPT, and the export controls exercised by various governments have provided the public and national governments with the confidence that nuclear energy can and is being effectively controlled and that the proliferation risks associated with the atom are manageable. In the absence of such confidence, governments would not license nuclear exports or imports, the public would oppose the development of nuclear power, and industry would not accept the risk of investment.

I, therefore, argue that the nonproliferation conditions required by governments are not only vital to their national security interests but are also absolutely essential to the long-term stability of nuclear trade. For these reasons, nonproliferation policies have contributed significantly to assurance of supply and enhancement of the efficiency of the market.

At the same time, nuclear trade has also enabled some governments—especially the United States—to lay the basis for an effective nonproliferation regime. In the 1950s and 1960s, the United States used the influence stemming from its position as a monopoly supplier of nuclear technology to forge various elements of today's nonproliferation regime.

To employ the analogy I used at the outset, the marriage between these proliferation controls and stable international nuclear trade has, by and large, worked well. The nuclear industry is making important contributions to meeting the energy needs of many countries, and nuclear trade has flourished unimpeded among most states. However, as with the marriage of most partners, the relationship has been complex, and the road has not always been smooth or straight.

Strengthening the Nonproliferation Regime

The 1970s saw several developments which altered the relationship between assurance of supply and nonproliferation. The Indian nuclear test and the plans of some supplier states to export sensitive nuclear technology caused a widespread reexamination of the nonproliferation conditions governing international nuclear trade. Basic questions were raised about whether export regulations were adequate, whether all suppliers were playing by the same rules of the game, and whether the nonproliferation system could tolerate the widespread use of certain sensitive technologies and materials.

Largely as a reaction to these developments, the Nuclear Non-Proliferation Act (NNPA) of 1978 established, among other things, stringent new nonproliferation conditions to be incorporated into all future U.S. agreements for peaceful nuclear cooperation. It also required the President to initiate a program to renegotiate existing agreements to include the new standards.

One immediate result of the call for an attempt to renegotiate existing agreements, and of the new export requirements also established by the act, was a rising chorus of complaint by our major nuclear trading partners—and, indeed, by U.S. industry—that the U.S. Government was arbitrarily and unilaterally changing the playing rules in the middle of the game. Enactment of the NNPA thus led to a diminished sense of confidence in the United States as a reliable nuclear trading partner. It also led, in the near term, to diminished U.S. ability to exercise a positive influence over the peaceful nuclear programs of some other countries.

Neither result was intended, and, indeed, both were somewhat ironic, since the NNPA itself claimed as one of its purposes the establishment of a more effective framework for international cooperation and declared it the policy of

the United States to do what was necessary to confirm its reliability as a nuclear supplier to nations with effective nonproliferation policies.

The United States was not alone in deciding to upgrade its nonproliferation policies, however. For example, Canada also required new controls on its exports and, in some cases, imposed temporary embargoes until new agreements could be reached. The major suppliers agreed to impose additional, more stringent conditions on their nuclear exports and to exercise restraint in the export of reprocessing, enrichment, and heavy water technologies, and new export guidelines were promulgated by the Nuclear Suppliers' Group.

Despite these changes in the export requirements of suppliers, actual interruptions were few in number and caused delay and expense rather than damage to nuclear programs. They did, however, cause nervousness and unease among industry and consumer governments about assurance of supply and increased perceptions of vulnerability to supply interruptions.

These changes in nonproliferation conditions were prompted by real needs. Loopholes in export control policies will inevitably be found and will need to be plugged. Technologies and proliferation risks do not remain static. Governments must and will always retain the right to adapt their nonproliferation policies to these kinds of dynamics in order to protect their national security or to promote international or regional stability. No responsible government will sacrifice vital nonproliferation concerns for commercial reasons. On the other hand, no country will willingly run the risk of relying on another for important elements of its nuclear program if the terms and conditions of cooperation are subject to sudden, unilateral changes. Nonproliferation policies which do not take into account the need to preserve a stable environment for peaceful nuclear trade under adequate safeguards and controls run several risks. They may prompt consumer countries to seek a weakening of the nonproliferation regime, to find alternative suppliers who may be more reliable but who require less stringent export controls, or to develop their own national facilities, perhaps free of any international restraints and controls.

The challenge, then, is to try to achieve a balance which enables the industry to undertake with confidence the substantial financial and other risks and burdens of international trade and, at the same time, meets the changing needs of governments to maintain effective barriers against the spread of nuclear explosives.

The U.S. Government is keenly aware of this challenge. President Reagan's policy statement of July 1981 recognized nonproliferation as a fundamental national security and foreign policy objective of the United States. Maintaining and strengthening the nonproliferation regime is the first and most important step in establishing a solid foundation for assuring nuclear supply. The United States is strongly committed to preventing the spread of nuclear weapons. Toward that end, we have taken a number of important steps.

We have sought to reduce the motivation for acquiring nuclear explosives by improving regional and global stability. We have continued to provide financial, technical, and political support to the IAEA and its safeguards system. We have urged others to adhere to the NPT or the Treaty of Tlatelolco. We have sought to inhibit the transfer of sensitive nuclear material, equipment, and technology, particularly where the danger of proliferation demands, and we have pressed other suppliers to require IAEA safeguards on all nuclear activities in non-nuclear-weapon states as a condition for any significant new nuclear supply. In this regard, I believe it is important to note that our continuing ability to rely on the IAEA is jeopardized by the unhealthy reductions which the Congress has levied on the foreign affairs budget over the past 2 years. For example, in 1986 we experienced considerable difficulty in making our full assessed payment to the IAEA because the Congress dramatically reduced the amount of money available for international organizations. We must be able to provide the IAEA with the kind of support that is necessary to maintain an adequate and credible system of international safeguards.

Promoting Reliable U.S. Nuclear Trade

In addition to strengthening international stability and maintaining the kind of environment in which nuclear trade can prosper, we have worked very hard to enhance the position of the United States as a reliable nuclear trading partner.

In his July 1981 nuclear policy statement, President Reagan said:

We must reestablish this nation as a predictable and reliable partner for peaceful nuclear cooperation under adequate safeguards. This is essential to our nonproliferation goals. If we are not such a partner, other countries will tend to go their own ways, and our influence will diminish. This would reduce our effectiveness in gaining the support we need to deal with proliferation problems.

As we have grown accustomed to operating within the framework of the Atomic Energy Act as modified by the NNPA, it has become apparent that the additional nonproliferation tools provided by the NNPA are, for the most part, beneficial. And, in any event, major changes in the existing legal framework for peaceful nuclear cooperation would only undermine further the sense of stability that is needed if the United States is to continue to play a leading role in international nuclear commerce.

The challenge, therefore, has been to restore among U.S. partners with significant civil nuclear programs a new confidence in our ability to recognize their needs and to reestablish the United States as a predictable, dependable partner in peaceful nuclear cooperation under adequate safeguards.

We have sought to do this in a number of ways. We have instituted a more efficient licensing process. We have made provision for multiple reloads of reactors. We have made increased use of general export licenses. And, most significantly, we have offered advance, long-term consent for reprocessing and plutonium use to certain countries with advanced nuclear programs that pose no proliferation risk. Our offers have been made in the context of reaching new or amended agreements for cooperation incorporating the more stringent nonproliferation conditions of the NNPA, thus closely linking the two goals of updating all our agreements while at the same time reestablishing the U.S. reputation as a reliable supplier.

I would like to mention, at this point, the most recent and, I think it is fair to say, most significant achievement to date in this process. In January, we reached *ad referendum* agreement with Japan on the text of a new agreement for cooperation in peaceful uses of nuclear energy. This proposed new agreement is currently under review in the U.S. and Japanese Governments. The text has yet to be publicly released, and I am thus not able to comment in any detail on its provisions. I can say, however, that it would provide Japan with advance, long-term U.S. consent to the reprocessing, retransfer for reprocessing, alteration, and storage of nuclear material subject to the agreement, thus affording Japan a predictable basis for long-range planning of its energy program. At the same time, the proposed new agreement contains all consent rights and guarantees required by U.S. law.

We expect that when the new agreement enters into force—after approval by the President, signature by the par-

ties, review by the U.S. Congress, and appropriate legal steps in Japan—it will offer a number of very substantial benefits to the United States.

- It will strengthen the international nonproliferation regime by setting a new standard for rigorous nonproliferation conditions and controls in agreements for peaceful nuclear cooperation.
- It will provide a basis for the United States to work closely with Japan in ensuring application of state-of-the-art safeguards concepts and physical protection measures.
- And it will reaffirm the U.S. intention to be a reliable nuclear trading partner, thus helping to ensure the continuation and growth of our nuclear exports to Japan. These exports include uranium enrichment services with an average annual value of close to \$250 million and component exports whose value is also very substantial.

We also hope, of course, that the new U.S.-Japan agreement will demonstrate to other major nuclear trading partners—EURATOM [European Atomic Energy Community], in particular—how U.S. law governing peaceful nuclear cooperation can be implemented in a reasonable fashion. With EURATOM, as with Japan, we have offered to exercise our consent rights, once obtained, over reprocessing and use of U.S.-origin nuclear material on an advance, long-term basis. Our discussions with the EC [European Community] Commission on this subject are continuing.

We have also sought to oppose protectionist legislation or other legal actions which inhibit the free flow of nuclear materials under adequate safeguards and controls. Such actions will inevitably raise the costs to U.S. utilities and adversely affect the overall competitiveness of the United States. Protectionist barriers to trade will not only disrupt markets and damage the U.S. economy, but they will also undercut the efforts of the United States to restore its credibility as a consistent and reliable partner in nuclear cooperation. Unless we can be counted on to act in a clear and consistent manner on international nuclear trade issues, we run the risk of losing not only our markets but our influence in international nuclear and nonproliferation affairs.

Occasionally, of course, other policy interests take precedence. For example, the United States has taken actions to limit trade with the Republic of South Africa, and these have had consequences in the nuclear field. For several years, we have not exported any nuclear materials or nuclear facilities to South Africa because South Africa has refused to

become party to the NPT or to place all its nuclear activities under safeguards. More recently, the President's executive order of 1985 and the Anti-Apartheid Act of 1986 expanded the list of items banned for export to South Africa. The Anti-Apartheid Act also prohibited the import of uranium ore or oxide of South African origin. While this legislation has caused some disruption in U.S. nuclear trade, it received the support of an overwhelming majority of Congress and represents a clear and unmistakable expression of an important U.S. foreign policy interest. The implementation of this complex and far-reaching act, however, has been the source of some delay and uncertainty, with an inevitable impact on industries' understanding of the ground rules that is necessary to plan their activities. It is worth noting, in this regard, that Congress provided in the Anti-Apartheid Act for the possibility of resumption of normal nuclear exports with South Africa if it agrees to join the NPT.

In addition to enhancing our bilateral relationships, we have also worked on the international plane to improve assurances of supply. The United States has sought to ensure that competition not be based on minimizing nonproliferation controls on exports. Over a decade ago, we convened the Nuclear Suppliers' Group to agree on certain minimum standards which would guide the export policies of all the major nuclear suppliers. This scheme of export controls has worked well, both to ensure against the misuse of nuclear exports and to provide a basis for common export policies among suppliers and so to facilitate nuclear commerce. It has helped to insulate the nonproliferation regime from the pressures of competition.

International Cooperation on Responsible Nuclear Export Policies

Nevertheless, much work needs to be done. From time to time, these guidelines need to be updated and clarified both to adapt to changes in technology and to respond to efforts by would-be proliferators to circumvent them. Over the past several years, the United States has worked quietly with other major suppliers to upgrade and clarify the international trigger lists for reprocessing and centrifuge enrichment. We are continuing this work for other technologies. We have done this without fanfare and without disrupting nuclear commerce.

On the horizon, we can see a number of new suppliers entering the international marketplace. It is essential that they adopt responsible nuclear export policies if we are to maintain supplier

consensus on export controls. Irresponsible export behavior by emerging suppliers would also be disruptive of the marketplace and undermine the kind of stability needed to ensure a free flow of nuclear commerce among nations. We have worked quietly with some of these nations to persuade them of the importance of playing by the rules of the game. Several of them have adopted the Nuclear Suppliers' Guidelines or similar controls to govern their nuclear exports. Noteworthy here are South Africa's decision to abide by the Nuclear Suppliers' Guidelines and the announcements by China and Argentina that they will require IAEA safeguards as a condition of nuclear exports.

We have also worked hard to develop common policies and principles that all states could accept in order to develop "ways and means in which supplies of nuclear material, equipment and technology and fuel cycle services can be assured on a more predictable and long-term basis in accordance with mutually acceptable considerations of non-proliferation." That quote is the mandate of the Committee on Assurances of Supply which has been meeting in Vienna for the past several years. The committee has been successful in reaching agreement on recommending mechanisms for revising nonproliferation conditions without disrupting nuclear supplies and on suggestions for emergency and backup mechanisms to improve security of supply. Unfortunately, agreement on its third task—development of a set of principles on how nuclear supplies can be assured on a long-term and predictable basis consistent with nonproliferation—has, thus far, been elusive due to the refusal of a very small number of states to agree on the need for binding nonproliferation commitments as a basis for supply assurances.

Nevertheless, the fact that the vast majority of countries has been able to agree on a set of fundamental principles on supply assurances and nonproliferation is encouraging. There is a growing recognition that international nuclear cooperation must rest on effective nonproliferation commitments. At the same time, a country which has made comprehensive and credible nonproliferation assurances ought to be able to expect that export and import licenses and other approvals will be forthcoming on a reliable, predictable, and expeditious basis.

The relationship between nonproliferation commitments and supply assurances is a complementary and interdependent one. While we can never sacrifice our national security for commercial reasons, we must also take all

appropriate steps to ensure a stable environment for international nuclear trade. The U.S. Government will continue to strive to do its part to secure the position of the United States as a reliable trade partner. But the task means much more than the expeditious handling of export licenses and other approvals by the United States. It means, first and foremost, that we maintain a strong nonproliferation regime including universal adherence to the NPT or acceptance by all non-nuclear-

weapon states of IAEA safeguards on all their nuclear activities. It also means that suppliers will need to abide by certain minimum but effective controls on their nuclear exports. It also means constant vigilance on the part of all governments to upgrade their nonproliferation policies when so required, while minimizing adverse effects on peaceful nuclear trade. This task is a difficult one, but I am confident that, with determination and cooperation, we can be successful in meeting this challenge. ■

South Pacific Nuclear Free Zone

by J. Stapleton Roy

Statement before the Subcommittee on Asian and Pacific Affairs of the House Foreign Affairs Committee on June 9, 1987. Also included is the text of a statement made by U.S.S.R. Ambassador to Australia Yevgeniy Samoteykin in Suva, Fiji, on December 15, 1986, upon signing Protocols 2 and 3 of the South Pacific Nuclear Free Zone Treaty and submitted to the subcommittee for the record.

Mr. Roy is Deputy Assistant Secretary for East Asian and Pacific Affairs.¹

It is a pleasure for me to be here today at this hearing on the South Pacific Nuclear Free Zone Treaty and to explain why the United States decided that it could not, under present circumstances, sign the protocols to the treaty.

In August 1985, 8 of the 13 voting members of the South Pacific Forum, including Australia and New Zealand, signed the treaty of Rarotonga which created the South Pacific nuclear free zone (SPNFZ). The treaty bans its parties from developing, producing, testing, owning, or using nuclear explosive devices or from permitting them into their territories. The treaty also has three protocols which would restrict nuclear activity by the nuclear-weapons states within the South Pacific nuclear free zone.

The treaty zone includes an enormous area of the western Pacific, from Australia and Papua New Guinea on the west and generally bounded by the Equator on the north, the 60th south parallel on the south, and the 115th west parallel on the east. It includes New Zealand, a number of small nation states, territories of the United States (American Samoa and Jarvis Island), France, and the United Kingdom.

The treaty came into effect in December 1986 at which time the protocols were opened for signature by the five nuclear-weapons states.

The question of whether to sign the protocols confronted the United States with a difficult dilemma. On the one hand, the treaty responds to a strong regional interest in nuclear nonproliferation, which we share. Further, the treaty negotiators had crafted an agreement which, if looked at in solely regional terms—and I want to stress that point—sought to accommodate U.S. interests and not to impinge on the U.S. capacity to meet its current security commitments in the Asia-Pacific region.

On the other hand, we had to consider the treaty's relationship to U.S. global security interests and responsibilities. We rely on deterrence to prevent the outbreak of global war or armed conflict between the nuclear powers or their allies, the very circumstances which would make the resort to nuclear weapons most likely. The nuclear capabilities of the Western alliance play a vital role in preserving the stability of this deterrence in the face of destabilizing imbalances in conventional military forces and weapons systems produced by geographic, economic, and political factors in Europe and Asia.

We have opposed proposals for nuclear-weapons-free zones where they clearly would disturb the nuclear deterrent on which the West relies. The growing number of such proposals, if pursued and implemented, would undermine our ability to meet our worldwide security commitments. We could not, therefore, ignore the fact that our adherence to the South Pacific protocols would be used by others to argue for those proposed zones. In short, we were unable to isolate our concern for regional views from larger concerns, and

we reluctantly concluded that we could not sign the protocols. We were able, however, to assure the parties to the treaty that U.S. practices and activities in the SPNFZ region are not inconsistent with the treaty or its protocols.

In March of this year, the United Kingdom also decided that it could not sign the protocols. In making its announcement, the United Kingdom stated that it had taken "full account of our (i.e., United Kingdom) security interests in the region and more widely, the views of our allies and the regional states themselves, the texts of the treaty and the protocols and the announced policy of the Soviet Union." Like the United States, the United Kingdom gave assurances to the treaty parties with respect to its activities covered by the protocols. Not surprising, France has not signed the protocols.

The Soviet Union and the People's Republic of China have signed the relevant protocols. However, the Soviets did so with such a strong statement of understandings as to throw into question their intention to abide by the treaty. In particular, the Soviets seem to have reserved the right to consider themselves free from their protocol commitments should a party to the treaty exercise its right, as provided in the treaty, to allow visits by nuclear-armed ships or aircraft. Like other Western nuclear powers, the United States follows a "neither confirm nor deny" policy with respect to the presence or absence of nuclear armaments. Thus, the Soviets in effect reserve the right to decide for themselves the extent to which their adherence to SPNFZ is meaningful. So far, at least, the Soviets have not clarified the meaning or intent of their "understandings."

Understandably, parties to the treaty were disappointed by the U.S. decision not to sign the protocols. They believed that the treaty and its protocols had been drafted in such a way as to permit U.S. signature. We appreciate this. At the same time, their disappointment was tempered by the forthright U.S. statement that our activities in the region are not inconsistent with the protocols. They realize that we are not holding ourselves aloof from the treaty because of an interest in carrying out activities inconsistent with it. I believe also that there is increasing appreciation of the reasons behind the U.S. decision, particularly in light of the lack of any clarification of Soviet intentions with respect to the "understandings" attached to their signature of the protocols.

There is broad understanding of the U.S. decision among our other friends and allies. They appreciate the difficulty of striking an appropriate balance between our interest in arms control and nuclear nonproliferation and the need to maintain a global deterrent in which nuclear capabilities continue to play a central role.

SPNFZ Arrangements

The SPNFZ arrangements are set forth in the 16 articles of the SPNFZ Treaty *per se*, its four annexes, and in three protocols.

The substantive provisions of the treaty itself establish obligations with respect to the following principal matters:

- Renunciation of nuclear explosive devices;
- Application of IAEA [International Atomic Energy Agency] safeguards;
- Prevention of stationing of nuclear explosive devices;
- Prevention of testing of nuclear explosive devices;
- Prevention of dumping of radioactive wastes and other radioactive material; and
- Various related arrangements concerning controls, reports, exchanges of information, and consultations.

The provisions relating to the prevention of stationing of nuclear explosive devices specifically provide that

each of the treaty parties remains free to decide for itself on visits, transit, or navigation by foreign ships and aircraft (in its territory, territorial waters, or territorial airspace).

The treaty is open for membership by any member of the South Pacific Forum and entered into force in accordance with its provisions on December 11, 1986, the date of deposit of the eighth instrument of ratification.

The four annexes describe the precise boundaries of the treaty zone, the IAEA safeguards referred to in the main body of the treaty, arrangements for the consultative committee, and the complaints procedure.

The treaty has three Protocols.

- Protocol 1 would require its parties not to manufacture, station, or test any nuclear explosive device in their territories within the zone (for the United States, American Samoa and Jarvis Island). This protocol was open for signature by the United States, the United Kingdom, and France.
- Protocol 2 would require its parties not to contribute to any act that would constitute a violation of the treaty and not to use, or threaten to use, any nuclear explosive device against states party to the treaty. This protocol and Protocol 3 are open to all five nuclear-weapons states for signature.
- Protocol 3 would require its parties not to test any nuclear explosive device within the zone.

Soviet Statement

The Soviet Government, which is a consistent supporter of the creation of nuclear-free zones in various parts of the world as an important measure in the fight for the elimination of nuclear weapons, and wishing to contribute to the efforts of the countries of the South Pacific Forum in that area, has decided to sign Protocols Two and Three to the Treaty on a Nuclear-Free Zone in the Southern Pacific. The Soviet Union proceeds from the premise that the creation of such a zone will serve as an important contribution to forming a reliable security system in the Asian-Pacific Region, will strengthen the international regime of non-proliferation of nuclear weapons, and will contribute towards the attainment of the task of eliminating the nuclear weapons on earth once and for all.

Expressing its readiness to become a guarantor of a nuclear-free zone in the Southern Pacific, the Soviet Union hopes that all the other nuclear powers will show appropriate responsibility in approaching the

initiative of the countries of that region and will do their utmost to ensure reliably and guarantee a truly non-nuclear status of the non-nuclear zone.

In signing the Protocols Two and Three to the Treaty on a Nuclear-Free Zone in the Southern part of the Pacific, the Government of the Union of Soviet Socialist Republics considers it necessary to make the following statement:

1. The Soviet Union proceeds from the premise that the transportation of nuclear explosive devices by parties to the treaty anywhere within the limits and outside the limits of the nuclear-free zone in the Southern Pacific is covered by the prohibitions envisaged by point "A" of article three of the treaty, in which the sides commit themselves "not to exercise control over any nuclear explosive devices in any form, anywhere within the limits and outside the limits of the nuclear-free zone.

Soviet Understandings

At the time of their December 1986 signature of Protocols 2 and 3, the Soviets issued a statement which is so vague and sweeping as to cast into doubt whether they intend to bind themselves in any important respect in adhering to the protocols. The full text is attached, and you will note that it seems to say that they reserve the right to consider themselves unbound by Protocol 2 when a state exercises its express rights under the treaty to permit port access or transit by ships or aircraft of nuclear-weapons states.

The Soviet statement could be considered a "reservation" legally conditioning their obligations under a broad range of circumstances. Unless the Soviets clarify their intentions, they may seek to use this statement as a basis for asserting the broadest construction of their rights.

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. ■

Perspectives on U.S. Refugee Programs

by Jonathan Moore

Address at the 38th annual dinner of the New York Association for New Americans (NYANA) in acceptance of the association's Award of Honor to the Bureau of Refugee Programs in New York City on June 11, 1987; and a statement before the Subcommittee on Immigration and Refugee Policy of the Senate Judiciary Committee on June 30.¹

Mr. Moore is Ambassador at Large and Coordinator for Refugee Affairs.

JUNE 11, 1987

I am deeply appreciative to the members of the Board of the New York Association for New Americans for this distinguished award. Yours is very obviously a remarkable organization, and I am honored to be here among you.

We are also pleased to share this occasion with the American Jewish Committee, whose historic work in support of generous, humane immigration and refugee policies for people of all ethnic and religious backgrounds has been so critical to their success.

Receiving an award like this can give one mixed emotions—real gratitude for the recognition of a job well done and some sense of guilt in knowing how much more needed to have been done. Perhaps this is always so in refugee work. In this instance, I find myself at an unusual juncture—I have been Director of the Bureau for Refugee Programs just long enough to have learned at first hand the justification for this award, while not long enough to deserve any of the credit myself. Therefore, I am free

to join in the commendation the award represents and to extol and praise those who truly are responsible. Bob Funseth, Principal Deputy Assistant Secretary of State for Refugee Programs and a leader in the Bureau for over 5 years, who is here with us tonight, is one of them. My new coworkers are among the most talented, hardest working, dedicated, the most filled with humanitarian concern that I have known in a wide-ranging career in politics, government, and public service. And it is in their behalf that I accept the award and offer my thanks both to you and to them for it.

Role of the Bureau

The full range of challenges faced by the worldwide responsibilities of the Bureau for Refugee Programs, as well as the breadth of accomplishments which have been achieved, is truly impressive. The mission is extraordinary. Refugees are found on every continent, and the diversity of efforts to respond to their needs is equally vast. On a given day, people in the bureau may:

- Assess a program to aid the repatriation of refugees to El Salvador;
- Meet with UNHCR [UN High Commissioner for Refugees] officials in Geneva on the problem of long-stayer refugees in Southeast Asia;
- Devise a system to provide water to a camp in the eastern Sudan;
- Send instructions to Havana to negotiate the release of a group of Cuban political prisoners;
- Meet with officials from the World Bank to discuss a reforestation project employing Afghan refugees in Pakistan;

- Make arrangements to bring a Soviet defector to the United States from a country in Latin America;
- Draft legislation to provide assistance to refugees who are victims of violence;
- Review the budget requirements for HIAS [Hebrew Immigrant Aid Society] and AJDC [American Jewish Joint Distribution Committee] for their assistance to Soviet Jews transiting Europe;
- Visit Malawi to assess the condition and needs of the thousands of refugees flooding into that country from Mozambique;
- Monitor voluntary agency resettlement programs in Denver, Colorado;
- Consult with directors of the voluntary agencies in New York on proposed changes in the processing of Iranian refugees;
- Work with our representative in Vienna to modify a program of the UN Relief and Works Agency which provides schools and health care facilities in the Palestinian refugee camps;
- Negotiate with the Vietnamese to get the orderly departure program (ODP) from Vietnam operational;
- Defend the bureau's budget and programs before a congressional subcommittee;
- Chair an interagency meeting with INS [Immigration and Naturalization Service], the Department of Health and Human Services (HHS), the NSC [National Security Council], and the Public Health Service to address the effect of AIDS [acquired immune deficiency syndrome] testing on refugee programs; and
- Trek through mountainous terrain to ensure the welfare of a group seeking asylum in Southeast Asia which had been denied protection.

These are examples of some of the remarkable undertakings the Bureau for Refugee Programs deals with constantly. As you know—and with your help—well over 1 million refugees have been resettled in the United States since 1975. This in itself is an extraordinary record of achievement, confirming and reinforcing the humanitarian spirit of succor and welcome which has marked this country since its beginning. Yet there is more than can ever be done. The work will always be unfinished. The needs are unquenchable. So we will continue to stretch the energies and resources we have and seek for more. As Albert Camus wrote, crying deep into our consciences as he often did:

Perhaps we cannot prevent this world from being a world in which children are tortured, but we can reduce the number of tortured children, and if you don't help us, who else in the world can help us do this?

A Cooperative Humanitarian Effort

The Bureau for Refugee Programs is, of course, only one part of the incredible cooperative effort that constitutes humanitarian assistance to refugees. The success in dealing with the massive influxes of people migrating in fear, most often arriving first in countries poorly equipped to receive them, comes from the combined effort of host governments, donor nations, international organizations, private voluntary agencies, and resettlement countries. Within these broad groups, there are truly remarkable collaborations which are interconnected, mutually reinforcing, and dynamic. The Department of State, AID [Agency for International Development], INS, the Department of Health and Human Services, and the Congress all play a critical role in the U.S. Government's refugee effort. UNHCR, ICRC [International Committee of the Red Cross], ICM [International Committee for Migration], and various regional international organizations work in concert in most parts of the world. Pakistan, Sudan, Thailand, Malawi, Honduras, and many other first-asylum states—though developing countries fighting poverty—share their resources and their home with their unfortunate neighbors. Finally, resettlement and assistance agencies such as NYANA and her sister organizations, HIAS and the American Jewish Joint Distribution Committee, the International Rescue Committee, CARE [Cooperative for American Relief Everywhere Inc.], and the InterAction agencies, just to name a few, play critical roles in this vast, interlocking humanitarian effort.

NYANA itself has, for 37 years, been a vital partner in the refugee resettlement process. Your accomplishments have gone far beyond the number of individuals resettled. Through the success of the well-organized public outreach programs you have created, you not only help the refugee adjust to this new culture but serve to educate the community into becoming a sensitive and viable resource. Though initial resettlement is but a small part of the services provided by NYANA, your work serves as a fine example of an integrated approach to meet the reception and placement needs of refugees.

One of the important aspects of the curious partnership between our government and the private voluntary agencies—one that is, at the same time, a source of strength and of friction—is that the same people who get money from the government to operate are the ones who are often vocal in their criticism of the government's policies. And this is as it should be. It is one of the reasons why so many of those who have fled their countries want to come to the United States. Along with your superb program efforts, we welcome your constructive criticism, alert questioning, and wholesome goading.

At the same time, it is important to recognize that the Bureau for Refugee Programs is not in the same sense an advocacy organization. We are a part of the Federal Government, responsible ultimately to the people of this country—and we take our public accountability very seriously. In our role, we must take care not to think parochially, abstractly, or rhetorically—or we'll get in more trouble than we're already in. We must continuously try to effect a balance among the various interests and pressures which are at work in a system of pluralistic self-government made up of reinforcing and countervailing powers, and among diverse sets of actors as well—legislators, soldiers, bureaucrats, ministers, lobbyists, volunteers, executives, accountants, journalists. We must recognize all the obligations and constraints which affect us. We can't beat up on people or agencies or nations in public too easily. In other words, in order effectively to serve refugee interests, the Bureau must operate competently in a complex and competitive environment. Leadership, for us, is to deal effectively in helping refugees, both with realism and imagination, for both the short and the long term, in the larger manifestations of U.S. national interest.

Threats to the U.S. Refugee Program

Today the U.S. refugee program faces twin threats—the threat to first asylum and the threat to the Refugee Act of 1980. As the numbers of refugees increase and the pressure on local resources, services, and populations mount, there has been a noticeable tightening up in countries which have traditionally provided open, generous welcome to those fleeing oppression in neighboring countries. Costa Rica, Sudan, and countries of Western Europe provide examples. Thailand recently

announced the closure of its refugee camp for Khmer and has been increasingly restrictive in allowing Lao asylum-seekers access to its screening program. There is concern about the commitment to first-asylum principles of other nations in Southeast Asia as well.

At the same time, there are increasing tendencies in this country which undermine the essence of the 1980 reform act—the principle of worldwide standards applied evenhandedly to refugees seeking relief from their desperation and resettlement in the United States—by special treatment for certain regions or ethnic groups.

Both these threats are intensified by the reduction in resources available and the increase in demand for those resources. Doing more with less is very risky business, indeed, when that business is the saving of human lives. As the number of persons outside their homeland who are considered refugees has climbed well past the 10-million mark, the assistance effort is faced with serious resource reductions in at least three ways: constricting availability of private monies, serious budgetary restrictions, and earmarking.

As we have explored the implementation this year of the unallocated, unfunded reserve which the President authorized in his determination of the refugee ceiling for fiscal year (FY) 1987, we have encountered serious doubt among the private voluntary agencies of the availability of funds to undertake such an added financial burden. The argument is made that a shift in emphasis to immigration channels leads to an intolerable burden on the voluntary agencies, as individuals with the same real needs for services arrive without the assistance of refugee benefits. And private contributions are apparently currently diminishing for a variety of reasons: a general philanthropic trough, changes in tax laws, yupppism, compassion fatigue, short attention span, and perhaps post-giving letdown after the high-energy efforts of Band Aid and USA for Africa.

The effects of Gramm-Rudman-Hollings and deficit-fighting efforts have been far reaching. The foreign affairs budget has come under severe strain, and refugee programs have suffered along with the rest. The U.S. Government's ability to maintain its traditional support for UNHCR and ICRC life-sustaining programs in Africa, Pakistan, and elsewhere is strained; our capacity to respond to emergencies is impaired; and our ability to provide for the refugee admissions program at adequate levels is

problematical. In order to continue in the humanitarian tradition of this country of which we can so rightly be proud, we need more help.

Finally, earmarking—the congressional management of refugee programs through the designation of funds for specific purposes and groups—further intensifies the problem of reduced resources. When a pie is shrinking and more slices are specially reserved, the less there is to go around for others, and some get crumbs. Clearly, when earmarking is imposed on inadequate budgets, the odds increase for real shortages for refugees which do not get privileged treatment, and the specter of discrimination casts its shadow over the whole process.

The Bureau for Refugee Programs has weathered many storms, however—all of us have—and I am confident that challenges, present and future, will be met with the same spirit of resolute and competent effort which you have marked tonight. With the continued cooperation of such outstanding organizations as NYANA, HIAS, and the American Jewish Committee, we will continue to pursue goals which extend our reach, which reflect our imagination, which fulfill our commitment. The better our understanding is concerning the comprehensive, integrated nature of both the problems and the solutions facing refugees, the more effectively we will be able to apply our particular talents to their needs.

JUNE 30, 1987

Thank you for the opportunity to consult with you on the Administration's refugee programs as we enter the final quarter of this fiscal year and approach the consultations for fiscal year 1988.

ASEAN and Thailand Visits

I returned at the end of last week from accompanying Secretary Shultz to the meeting of the ASEAN [Association of South East Asian Nations] foreign ministers in Singapore, followed by a 6-day trip of my own to Thailand. I would like to begin my statement with a brief summary of these visits.

The Secretary made it clear to the ASEAN countries that the continuing commitment of the United States to work to resolve the Indochinese refugee situation was as strong as ever and included a substantial resettlement program. He emphasized that the problem was an enduring one and urged other

donor and resettlement states to maintain their share in the long-term efforts required. At the same time, the Secretary asked the ASEAN countries to continue to uphold the principles of first asylum and humanitarian treatment of refugees and to use their influence with Hanoi to try to get the orderly departure program, which was unilaterally disrupted by the Vietnamese over a year and a half ago, back on track.

The ASEAN ministers expressed their concern over continuing flows and reduced resettlement and appealed to the international community to continue its assistance to Indochinese refugees, especially through resettlement. They called upon the Vietnamese to stop perpetrating conditions which prolong the refugee problem and to take measures to ensure success of the ODP and also reaffirmed the continuing adherence of the ASEAN countries to humanitarian principles.

So refugee issues were a major theme in the Singapore meetings, and discussions with the ASEAN ministers as well as with Canada, Australia, and Japan were constructive. Foreign Minister Siddhi of Thailand requested that the United States resettle as many refugees as possible and assured us that his government would adhere to its present refugee policy and would continue to provide temporary refuge to genuine refugees. Secretary Shultz cited several times the June 11 letter from Senators Kennedy, Simpson, Pell, and Hatfield as evidence of the broad and bipartisan support that exists within the U.S. Congress for actively addressing protection, assistance, and resettlement needs of refugees throughout Southeast Asia and asked me to convey his thanks for the letter to its authors.

In Thailand, I visited the camp at Ban Vinai, where more than 50,000 Hmong refugees are located, as well as the camps for displaced Khmer along the Thai-Cambodian border known as Site 2. I also met with many of the key players on refugee issues in Thailand, including officials in the Foreign and Interior Ministries, the National Security Council, the Prime Minister's office, the Supreme Command and Task Force 80 of the Royal Thai Government, and with the UN coordinator for Kampuchean humanitarian assistance, the UN Border Relief Organization (UNBRO), the International Committee of the Red Cross, the International Rescue Committee, Prince Norodom Kanariddh, and the U.S. Embassy, including INS.

During these talks, I repeated the pledge of U.S. steadfastness in seeing the Indochinese refugee problem through with the Thai over the long haul. I also cited budgetary, legal, and other constraints in our political process in dealing effectively with worldwide refugee needs, as well as the influence of various external factors on long-term progress, notably conditions and policies within the Indochinese communist states. We discussed at length a number of concrete processing and protection issues needing attention.

My sense is that a certain stabilization in our relationship on refugee matters has been accomplished, perhaps a better understanding of realities and policies, and a rededication to working hard and cooperatively on these truly difficult, intractable problems over a period of time. I received limited reassurances of Thai cooperation both on facilitating the continued processing of refugees for resettlement in the United States and on providing security and protection for especially vulnerable groups in Thailand. Yet the situation remains tenuous. The displaced Khmer in Site 2, for instance, are not yet adequately protected. The pressures of humanitarian need, flow of economic migrants along with those fleeing persecution, buildup of long-stayers, and continued violence remain precarious. We will need all the ingenuity, resourcefulness, and will we can muster to deal with them successfully.

Reallocation of Admission Numbers

Let me very quickly reiterate where we stand with regard to refugee admissions processing for this fiscal year, summarizing my letter to you of June 3.

As you know, it is always difficult to predict exactly what the refugee needs are going to be in the coming year. The Administration's initial determination is based on the best information available at the time. Situations change during the course of the year, however, and we need to make adjustments in order to make the best possible use of our resources to do the most good for the refugees. After careful review of all the information at hand and consultation in both branches, we decided to transfer refugee admissions numbers from those regions where there was less need than anticipated to those where there were insufficient numbers to admit those refugees in need of resettlement. We therefore transferred 3,000 admissions

numbers from the Latin American ceiling and 1,500 from the African ceiling. Some 2,300 were transferred to the ceiling for Eastern Europe and the Soviet Union and 2,200 to the Near East/South Asian region. This reallocation took effect on June 18.

Regional Situation

Let me give you a region-by-region analysis of the current situation with regard to refugee admissions.

East Asia. We currently expect to admit very close to the presidentially determined ceiling of 32,000 plus 8,500 for the Orderly Departure Program in FY 1987. Our current projection is for admission of between 31,000 and 31,500 refugees. There are a number of variables which are difficult to control in the effective management of admission processing under a given ceiling: approval rates, access to and movement of refugees by first-asylum countries, refugees on medical hold, and timing requirements of the English-as-a-Second-Language/Cultural Orientation program which has been so critical to the successful integration of refugees into American life. Obviously, without INS cooperation in a strong effort to approve deserving refugees, this year's record wouldn't have been possible.

Africa. Because of delays earlier in the fiscal year in the movement of approved refugees from the Sudan, and fewer than anticipated refugee applications from southern Africa, the expected level of admissions from Africa is about 2,000 refugees, compared to the 3,500 ceiling originally set. We will continue to search for additional qualified candidates for U.S. resettlement in Africa.

Latin America. Unfortunately, progress on Cuban political prisoners has been difficult, as the Cuban Government continues its suspension of the Mariel agreement of 1984. Of the 4,000 admissions numbers allocated for this region, 3,000 were set aside for Cuban political prisoners. Although only about 60 Cuban refugees have been admitted to the United States to date, we are hopeful that more will be allowed to depart through routine processing in the near future. In addition, President Castro recently informed the U.S. Catholic Conference he would allow a further 348 political prisoners to depart Cuba, and we hope this development, which is being pursued, may lead to further admissions. Although few refugees from other Latin American countries have yet

applied for admission to the United States under the program instituted in October of last year, we have recently set up special working agreements with UNHCR and ICM in order to pursue more vigorously efforts to identify potential candidates, which are now beginning to bear fruit. We expect to admit a number of refugees under the new program during the current fiscal year and will have more details on this at the time of the regular annual consultations in September.

Eastern Europe and the U.S.S.R. Emigration from the Soviet Union reached the highest level in 5 years in April 1987 and may increase still further. This is the principal reason we decided to increase the 10,000 regional ceiling established last fall. Admissions from Eastern Europe are expected to be at about the same level as in FY 1986.

Near East and South Asia. By the midpoint of the fiscal year, 5,037 refugees had entered the United States under the 8,000 ceiling set for this region. Conditions in Afghanistan and Iran continue to produce larger than anticipated needs for U.S. resettlement of refugees from those countries. There are currently almost 7,000 applicants pending in this region, even though we have restricted processing to priorities one through four. Reallocation will help alleviate some of these pressures, enabling most of the pending applicants already approved by INS to enter the United States before the end of the fiscal year.

Personnel Needs for Refugee Processing

To turn the reallocation of numbers into the actual entry of refugees into the United States requires not only reallocated numbers but also reallocated resources, both program dollars and personnel. In this case, the resources in question essentially are INS personnel, since we are, for this fiscal year, able to cover the expenses of processing and transportation.

The FY 1987 reallocations will inevitably cause stresses and dislocations in manpower. For instance, in Rome, the personnel who will process the additional Soviet refugee applications will probably have to delay processing some other refugee cases; clerical staffing gaps in Frankfurt may hinder the ability to process all East European and Near Eastern refugee applicants at that post for departure this fiscal year; and because of changes in the composition of the

population being processed for resettlement in Southeast Asia, additional INS manpower has been shifted to that region to help meet the need.

FY 1988 Processing Pipeline

Although the regional ceiling for Southeast Asia was not changed under this year's reallocations, we need to keep a steady eye on the future, on the pipeline of refugees who will be entering the United States in the next fiscal year. Because of the extensive English language and cultural orientation program which is a critical part of our Indonesian refugee admissions effort, the number of refugees we will admit in FY 1988 is significantly influenced by the number of refugees accepted for admission in the last half of FY 1987. We are currently estimating that approximately 11,000 refugees will be "in the pipeline" in refugee processing centers in Southeast Asia at the end of FY 1987. We are working hard to meet that number and wish it were higher. To the extent that this figure is less than one-half of next year's anticipated admissions for East Asian first asylum, speeded-up processing will have to be undertaken during the first half of FY 1988, which is what had to be done and was done from last October through March.

Budget Earmarking

I am becoming increasingly concerned about the harmful effects that underfunding and earmarking could have on U.S. refugee programs throughout the world. Already, international organizations are pinched for resources, there is little investment in support of the first two "durable solutions" of voluntary repatriation and local integration, and protection measures for the displaced Khmer in the Thai border camps are poorly funded. Inadequate funding for the U.S. program could:

- Diminish to inadequate levels our support for the international assistance effort through the UNHCR, ICRC, ICM, and UNBRO, with a ripple effect among other donor countries which could undercut the vital work of these organizations—both the political and the humanitarian impact would be serious;
- Leave us unable to respond rapidly and effectively to refugee crises;
- Prevent the admission of refugees in genuine need of resettlement in the United States; and

• Jeopardize our continued support of first asylum in Southeast Asia through reduced resettlement.

Not only is it vitally important that this humanitarian program be adequately funded, but also we need the flexibility to respond to situations which are constantly changing. The success of our response is measured in terms of human lives. That is why earmarking, even though springing from the best of intentions, can have such negative results on the effective management of the U.S. refugee program.

Budget Consultations

As mandated by the Refugee Act of 1980, the admissions ceilings are to be determined by the President after consultations with Congress shortly before the beginning of a given fiscal year. It is a process which has worked fairly well so far but which contains a flaw which must be borne in mind as we continue to design, consult about, and implement our programs.

We have now almost completed the FY 1988 budget and have even begun preparation on the FY 1989 budget, even though we have not yet consulted on FY 1988 refugee admissions levels. A considerable part—roughly one-third—of the refugee program's budget is devoted to admissions, and we base our budget projections on the best available information as to likely budget targets and the number of refugees which will need resettlement in the United States 2 years hence.

Given this juxtaposition of the budgeting and consulting processes, there is serious risk that the budget process may unduly determine the admissions ceilings which, by statute, are to be set by the consultations process. As difficult as it may be, real resettlement needs must be carefully analyzed and consulted on in their own right annually just prior to the start of the fiscal year, apart from the budget figures established earlier under a different set of factors. This dual process is important to recognize and to acknowledge, and ultimately, the two elements must be reconciled; but along the way, it is important to resist one prejudicing the other—we must try to avoid the budget process arbitrarily driving the admissions outcome.

Southeast Asia Framework

For the past several years, the U.S. Government has been involved in an ongoing effort to develop a framework for Southeast Asian refugee policy which would encompass all of the complex aspects of this region's refugee imbroglio. We are continuing to work on a long-term strategy which is comprehensive, integrated, and politically viable and which, to use the words of INS Commissioner Nelson, "preserves the integrity of the refugee program, builds up the immigrant visa program, and offers some reasonable insurance against the eventual abrogation of first-asylum agreements in the region."

A year ago, in this midyear consultation, Bureau for Refugee Programs Director James Purcell outlined six basic components of such a framework. Since then, circumstances have changed, progress on some fronts has been less than hoped for, and certain other initiatives remain more ephemeral than actual or more in the future than in the present—all of which proves that a useful strategy must continue to be sought, must be flexible and patient, and must rely importantly on international consultation and cooperation. We are pursuing this effort within the Administration through interagency working groups and with the international community through the Intergovernmental Consultative Group

on Indochinese Refugees—regular meetings with Australia, Canada, Japan, and the UNHCR—which met most recently here in Washington last March 31.

AIDS

The proposed rule for required testing for the acquired immune deficiency syndrome virus of all immigrants seeking to come to the United States promises major impacts on the refugee program which are not yet fully comprehended. Refugees are very different in their physical and political vulnerability and cannot simply be lumped together with immigrants in the implementation of a new testing requirement. Budgetary, technological, logistical, foreign policy, and humanitarian needs will have to be analyzed and developed into a flexible and viable plan. Last month, I activated an interagency group to develop recommendations for a policy framework for testing refugees prior to admission to the United States. We will be working on this intensively into the summer, in close touch with the State Department, INS, HHS, and the White House.

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. ■

Science and Technology Exchanges With the Soviet Union

by John D. Negroponte

Statement submitted to the Subcommittee on International Scientific Cooperation of the House Committee on Science, Space, and Technology on June 25, 1987. Ambassador Negroponte is Assistant Secretary for Oceans, International Environmental and Scientific Affairs.¹

I wish to thank you for this opportunity to address the issues of science and technology programs and exchanges between our country and the Soviet Union. I know you have heard, and will be hearing, from many in the U.S. scientific community, both inside and outside of the U.S. Government, on the benefits and problems involved in such exchanges. But I think it important that

you hear from those of us involved in science and technology issues in the Department of State, because these subjects are an integral part of our foreign policy toward the Soviet Union. More to the point, Congress has conferred on the Secretary of State "primary responsibility for coordination and oversight with respect to all major science or science and technology agreements and activities between the United States and foreign countries." And that is especially the case concerning the Soviet Union.

Background

It is certainly not an exaggeration to say that the history of U.S.-Soviet scientific cooperation has been marked by the same ups and downs which have characterized our overall relationship with the Soviets over the past 30 years.

The 1960s saw gradual growth in exchange activities under the aegis of the first exchanges agreement signed in 1958. In the 1970s activity expanded with the signing of 11 separate agreements, in areas as diverse as environmental protection and the peaceful uses of atomic energy. The decade saw steady growth in these exchanges until the Soviet invasion of Afghanistan in December 1979. That event, followed by the imposition of martial law in Poland in 1981, and later the 1983 shootdown of the KAL airliner [Korean Air Lines Flight 007], led to a steady deterioration in the bilateral relationship and was reflected as well in our science and technology cooperation with Moscow. As a direct result of those events, four science and technology agreements—in space, energy, science and technology, and transportation—were allowed to lapse. By the end of 1983, the level of activity under the remaining agreements had sunk to approximately 20% of the 1979 level.

The President's Policy

In June 1984, at a conference on U.S.-Soviet exchanges at the Smithsonian Institution, the President expressed his desire to find ways "to reach out and establish better communication with the people and Government of the Soviet Union." To this end he called for the renegotiation of the general exchanges agreement, which had lapsed after the invasion of Afghanistan, as well as the reinvigoration of the bilateral agreements in environmental protection, housing and other construction, public health and medical science, and agriculture. And the President has on several occasions since then called for continued progress in expanding exchanges in all areas with the Soviets, including science. He most recently discussed the need to expand such contacts at his April 10 address before the Los Angeles World Affairs Council.

As a result of the President's decision to move ahead with these exchanges, 1985 brought renewed activity. The world oceans and atomic energy agreements were formally renewed. The Geneva summit gave an added boost to bilateral exchanges with the signing of the first general exchanges agreement² since 1979. At the same time President Reagan and General Secretary Gorbachev endorsed cooperation in harnessing thermonuclear fusion energy for the use of all mankind, as well as resuming cooperation in fighting cancer.

1986 witnessed yet further growth. The United States made a proposal to its allies, the European Community and Japan, as well as to the Soviets, to begin cooperation toward the design of an experimental fusion test reactor. The four parties are now pursuing that goal together. The National Academy of Sciences renewed its 2-year inter-academy agreement with the Soviet Academy of Sciences in April 1986. Moreover, the U.S. Government negotiated a new agreement, this one in the field of space sciences, about which NASA [National Aeronautics and Space Administration] will brief you shortly. Secretary Shultz signed this space agreement with Soviet Foreign Minister Shevardnadze last April.

Our Accomplishments

I'd like to say something about why we are engaged with the Soviets in these areas in the first place. The stakes for science and technology leadership in the modern world are simply too high for us to ignore cooperative opportunities with the Soviet Union. The U.S.S.R. maintains the largest pool of scientists and engineers in the world, including many whose accomplishments are at the forefront of such fields as mathematics and theoretical physics. More importantly, we cannot forget that we are dealing with a closed society, and that these exchanges often give us the only access to significant circles in that society with whom we would otherwise have little or no contact. It would be short-sighted of us not to recognize that it is in our national interest to seek to expand scientific cooperation with the Soviet Union. We have gained much from this relationship already.

In the area of medicine, our exchanges under the terms of our agreements in public health and medical science, and artificial heart research and development have yielded a wealth of knowledge. We have benefited from such Soviet developments as a new drug which could prevent sudden cardiac death, and we have learned from our joint efforts in the control of hypertension, and in chemotherapy research for damaged hearts. Soviet scientists have provided our researchers with numerous experimental drugs for cancer treatment and Soviet epidemiological data, and primate research in leukemia has fundamentally contributed to the body of knowledge of this deadly disease. Significant benefits to the United States have also accrued in the area of glaucoma and retinitis pigmentosa—

Soviet laser technology for the treatment of glaucoma has been especially valuable in our battle against the second leading cause of blindness in the United States.

In other areas as well U.S.-Soviet cooperation will likely help to improve the quality of our lives in ways which are not always apparent. We have already learned much from the Soviets in the field of construction standards in earthquake zones under the terms of our agreement for cooperation in housing and other construction. Also, through this agreement we have gained Soviet technology which will soon permit American river pilots to navigate icy waters more safely. In addition, Soviet participation in a working group with the U.S. Army Corps of Engineers under the terms of the housing agreement will result in a valuable contribution to our knowledge about construction of facilities in regions of extreme climatic and unusual geological conditions. Only last month the housing agreement brought together U.S. construction industry representatives from some 100 private companies and their counterparts in the Soviet Union—a country with one of the largest construction demands in the world.

Under the terms of our cooperative agreement in the field of agriculture our scientists have access to biological resources of the world's greatest land mass. Through exchanges with their Soviet colleagues they have received otherwise unobtainable germplasm which has assisted us in developing biocontrol mechanisms for dealing with agricultural pests.

Cooperation in the field of environmental protection has been among the most active, and has produced world-class scientific benefits, especially in the areas of climate and atmospheric modeling. A joint U.S.-Soviet monograph on paleoclimate received an award as outstanding academic book in 1984 and contributed to the database on climate change. Even now, a U.S.-Soviet team on board a Soviet research vessel in the Pacific is measuring trace gases in the atmosphere at the ocean-atmosphere interface. Meanwhile, this summer a U.S. team will travel to the U.S.S.R. for a joint field experiment on atmospheric ozone measurement in an effort to get a better handle on the problem of ozone depletion. Future work on the ozone layer will include joint observation of the Antarctic ozone "hole" from U.S. weather satellites and Soviet ground installations.

In yet another area of environmental protection—wildlife protection—numerous zoo exchanges have strengthened the gene pool for breeding and preserving endangered species in captivity. For example, 10 offspring of the rare and primitive Przewalski horse have been bred nearby in Virginia and also in the Ukraine. Joint research has also contributed to the protection of many marine mammals in the Bering Sea.

The recently signed space agreement includes cooperation in solar system exploration, space astronomy and astrophysics, earth sciences, solar-terrestrial physics, and space biology and medicine. We are already moving forward to implement the 16 cooperative projects agreed to as an annex to the agreement.

Finally, let me mention that in the wake of the Chernobyl disaster, we established a new working group in nuclear reactor safety under the terms of our Agreement for Cooperation in Peaceful Uses of Atomic Energy. Many Soviet power reactors are not up to Western safety standards, and we think the exchange of information in this field could play an important role in improving the safety of Soviet technology in this field and, as a result, make the world in which we live a safer place.

We continue to consider other areas of science where the United States has much to gain from cooperation with the Soviets. We are currently reviewing the possibility of negotiating agreements in the basic sciences, where the Soviets have traditionally been very strong, and in transportation, where cooperation has brought benefits to both sides in the past, particularly in such areas as air traffic safety.

I want to make absolutely clear that we are not talking here about "agreements for agreements' sake." While we believe that increasing contacts with the Soviet people is a worthy goal in itself, it is not the reason we enter into agreements with them. On the contrary, the United States is very careful to insure that all of our science and technology exchange activities with the U.S.S.R. are coordinated for consistency with our foreign policy objectives. We will not engage in new agreements unless we are thoroughly convinced that such exchanges have real scientific merit and will bring tangible benefits to the United States. Furthermore, such agreements must be based on the principle of reciprocity. We insist that U.S. participants have the access to the facilities, the information, and the in-

dividuals necessary to give an exchange genuine value.

Moreover, a good case can be made that scientific exchanges provide opportunities for an articulate and politically sensitive sector of Soviet society to be exposed to Western methods, ideas, and values in ways which would not otherwise be possible. I cannot help but believe that such opportunities, steadily sustained over a period of years, could make a contribution to the gradual opening of Soviet society with attendant benefits for the human rights situation.

At the same time, however, opportunities for scientific exchanges must be mutually beneficial if they are to be successfully sustained over a period of years. As evidence of our determination on this point, I might mention one area where we decided not to pursue a formal agreement with the Soviets—energy. When the Soviets raised the idea last year of renewing cooperation in this field, we went to some lengths to look at the scientific benefits we might gain from such an agreement. And our conclusion was that there would not be enough to warrant a separate agreement. I repeat—we are not after agreements for agreements' sake.

At the same time, given the often adversarial nature of our relationship with the Soviets, the United States must be careful not to allow its exchange activities with the Soviets to become conduits for technology which could be harmful to U.S. interests.

The Exchange Process

You may ask how we can assure that unacceptable technology transfer does not take place? What is the process that insures that our policy concerns are taken into account before an agreement is negotiated or an exchange goes forward? We have in this Administration an interagency review process for reviewing the pros and cons of each exchange. Let me briefly describe to you that process and how it works.

The Interagency Coordinating Committee on U.S.-Soviet Affairs (ICCUSA), established in 1977 by the National Security Council (NSC) and chaired by the State Department's Bureau of European and Canadian Affairs, is responsible for monitoring and coordinating all U.S. Government activities with respect to the Soviet Union. In recognition of the Secretary of State's special role in coordination and oversight for science and technology exchanges with foreign countries, the Bureau of Oceans and International Environmental and Scientific

Affairs, which I head in the Department, chairs a subcommittee of ICCUSA responsible for oversight of bilateral science and technology exchange activities with the Soviets. This subcommittee includes representatives from all U.S. Government agencies involved or interested in such activities.

Agencies involved in exchanges report regularly to ICCUSA, reviewing the progress and problems they have experienced as well as projecting activities for the future. Apart from ICCUSA, the Department of State, in particular my bureau and the Bureau of European and Canadian Affairs, work closely with each implementing agency to assure that a full review of technology transfer issues is conducted for exchanges and to otherwise provide policy and administrative support.

In addition, the Committee on Exchanges (COMEX) of the Technology Transfer Intelligence Committee (TTIC) plays a key role in the review of possible new agreements and the implementation of existing ones. COMEX is responsible for reviewing the advisability of potential projects under existing or potential bilateral agreements to assess the risks of technology transfer loss and the opportunities for gains involved in each. It is made up of representatives of the intelligence and technical security community, with strong representation from the defense community, given Defense's responsibilities for national security policy.

The Department of State uses the recommendation COMEX provides to assist in assessing whether to approve, modify, or reject proposed exchange activity. If, after a COMEX review, there remain unresolved policy differences regarding a technology transfer question, the issue is usually resolved by a senior interagency group (SIG), normally the SIG for Technology Transfer (SIG/TT). COMEX provides an objective review of these issues. Given the sensitivity of some of these issues, COMEX plays a key role in providing technical advice to policymakers.

Beyond ICCUSA and COMEX we established during the past year working groups under the auspices of the NSC involving all interested agencies to address policy questions concerning possible cooperation with the Soviets in fusion energy and space science and a working group in the basic science cooperation chaired by OSTP [Office of Science and Technology Policy]. These interagency groups were established to coordinate U.S. positions before eventual negotiations and during them. The

work of the interagency space group, cochaired by the Department of State and NASA, led to the successful negotiation with the Soviets last fall of the civil space cooperation agreement which I mentioned earlier. I should note that no initiatives have been carried forward to the interagency group that have not already been advocated and initiated within the normal agency budget process. Moreover, we are currently establishing a new interagency working group to look more closely at the opportunities for cooperation in the field of transportation with the Soviets.

That is the process. The science and technology activities which in the past months have reached the public's attention through the press were all carefully reviewed by the interested agencies. I have already mentioned the space agreement, which has served as a model for the way agencies can resolve differences and reach agreement on science and technology exchanges of value to the United States. In the case of the ocean drilling program, where it was decided that for technology transfer reasons we would not invite the Soviets to participate, the process worked as well.

Similarly, the decision not to approve National Science Foundation (NSF) funding for projects this year at the International Institute for Applied Systems Analysis (IIASA) was also the product of extensive interagency con-

sideration. Ultimately, this year's decision on IIASA was a product of having to weigh the potential scientific gains against continuing interagency concerns about IIASA activities. The conclusion was that we should not go ahead in this particular case. That decision, however, applies only to NSF's FY 1986 funds. Other proposals will continue to be considered on a case-by-case basis.

The policy and process involved in the development, review, and implementation of recent exchange activities with the Soviet Union have served U.S. interests as well. The Secretary of State is determined that we continue to support the President's policy on exchanges using the appropriate mechanisms. Only through a systematic process that identifies and weighs all U.S. interests will we succeed in identifying exchanges of real scientific merit that can best increase our knowledge and not compromise our national security.

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

²The General Agreement on Contacts, Exchanges and Cooperation in Scientific, Technological, Educational, Cultural and Other Fields, with Program of Cooperation and Exchanges for 1986-1988 was signed on Nov. 21, 1985, in Geneva by Foreign Minister Shevardnadze and Secretary Shultz. ■

Report on Scientific and Technological Activities

MESSAGE TO THE CONGRESS,
JUNE 17, 1987¹

In accordance with Title V of the Foreign Relations Authorization Act for Fiscal Year 1979 (Public Law 95-426), I am transmitting the Administration's eighth annual report of the international scientific and technological activities of U.S. Government agencies during Fiscal Year 1986. This report was prepared by the Department of State with information provided by relevant technical agencies, consistent with the intent of the legislation.

Science has always been an international enterprise. Today, as the rate of scientific discovery accelerates, the international character of science is even more pronounced than in the earlier decades of this century. Scientific progress and technological innovation underpin U.S. economic growth, trade, and our high standard of living. Our Nation's global competitiveness in the 21st century will depend on maintaining our comparative

advantage in science and technology. If U.S. science and technology (S&T) is to remain the world's best, its participants must have full access to developments and scientific results produced elsewhere. In parallel, most countries see S&T expertise and capability as a key to their economic development and long-term competitiveness. They increasingly seek an S&T relationship with the United States to further their national goals. Accordingly, S&T cooperation is playing an increasingly prominent role in the conduct of our foreign relations and diplomatic initiatives throughout the world.

The Administration's international science and technology policy serves four primary objectives:

- (1) To strengthen the Nation's scientific and technological enterprise;
- (2) To enhance commercial relations and establish new trading partnerships;
- (3) To promote our foreign policy goals and improve our international relations; and

(4) To protect and, where possible, enhance our national security.

We believe that all of the industrialized countries of the world have a responsibility to apply a portion of their economic and manpower resources to basic research to advance human knowledge and ensure mankind's continued ability to meet the challenges of the future. In international scientific agreements, we are working with our global partners to emphasize and implement the principles of equity and reciprocity of access to research and training facilities, experimental sites, information, and data. As specific agreements are negotiated or renewed, we strive to incorporate specific assurances that intellectual property rights will be protected. Such protection exemplifies the general principle of maintaining an equitable balance of contributions and rewards. Protection of intellectual property is also an indispensable element of an investment climate that fosters the rapid development of useful technologies applying the results of international scientific cooperation.

The Technology Transfer Act of 1986 is an example of how these principles will apply to international cooperative activities carried out in U.S. Federal laboratories. Specific provisions of the Act address such factors as safeguards, for intellectual property and incentives to assure equity and reciprocity of access in international research collaboration. To ensure that the international cooperation actively pursued at such centers of excellence is truly a two-way street, the Act permits directors of Federal laboratories to take into consideration whether a foreign government permits U.S. entities to enter into cooperative research and development (R&D) arrangements and licensing agreements with comparable institutions. We will certainly encourage the Federal laboratories to look very closely at this as they proceed.

To fully exploit developments in science and technology from overseas, I issued Executive Order No. 12591 on April 10, directing the Department of State to develop a recruitment policy that encourages scientists and engineers from other Federal agencies, academia, and industry to apply for assignments in U.S. embassies abroad. There is a wealth of qualified candidates whose professional careers bridge the domestic and international dimensions of science and technology. They can well serve the interests of our Nation as we collectively face the new challenges of the 21st century.

The task of formulating policies to harmonize international S&T activities with domestic programs and priorities poses a special challenge, given the decentralized nature of the U.S. R&D system. Recognizing the need for a mechanism to manage our resources in the international arena more effectively, my Science Adviser, in December 1985, established the Committee on International Science, Engineering, and Technology (CISET) of the Federal Coordinating Council on Science, Engineering, and Technology (FCCSET). This interagency forum commenced operations in early 1986. It is bringing high-level scientific and technical exper-

tise and responsibility in the government to bear on critical international issues. By ensuring that senior policymakers oversee key international S&T issues and activities, the CISET mechanism is helping to integrate international S&T activities into the framework of domestic R&D policy, consistent with the Administration's policy priorities and budget resources.

The United States formal S&T relationship with Japan dates back to the 1950's and to a large extent still reflects the relative scientific status of the two countries at that time. During 1986, the CISET conducted a coordinated U.S. Government review of the relationship and recommended a policy framework for the next phase of bilateral cooperation under the auspices of our Presidential Science and Technology Agreement. CISET's recommendations provided the foundation for negotiations with the Japanese that began in early 1987. We expect those negotiations to result in a more sharply focused program of joint research in areas of high priority and equitable benefits to both countries, with increased access by U.S. researchers to Japanese science and technology centers of excellence, commensurate with the range of access that our country has long afforded to Japanese students and researchers.

China and the United States first signed an umbrella agreement on science in 1979. As of the end of Fiscal Year 1986, 27 technical protocols have been implemented covering a wide spectrum of science and technology activities. The umbrella agreement was extended for a second 5 years during Premier Zhao Ziyang's visit to Washington in January 1984. These S&T activities have been the cornerstone of our relationship with China, opening the door to beneficial interchanges in many areas outside the S&T arena. Since last year new agreements have been signed in water resources, nature conservation, and transportation. The next meeting of the U.S.-China Joint S&T Commission is scheduled for June 1987 in Beijing. We expect to discuss with the Chinese ways that the umbrella agreement can reflect the maturing of scientific relations between our two countries in the years since 1979.

In September, President Jose Sarney of Brazil and I announced an initiative to establish a joint panel of eminent scientists, engineers, and industrial experts to determine priorities for cooperation in areas of mutual strength and benefit. The panel met in April of 1987 and will meet again this summer. The panel's recommendations will be used to formulate an initial agenda to implement the 1984 U.S.-Brazil S&T agreement. It is in the long-term strategic interest of the United States to strengthen ties that have been traditionally strong with Brazil, but which have suffered setbacks during the era of Brazilian military rule. Brazil is poised to become a major power of the 21st century, and believes that science and technology is key to her economic aspirations. Although our countries are at quite different stages of industrial development, President Sarney and

I share the conviction that strength in science and technology is crucial for sustained prosperity. Cooperation in this area affords an important channel for dialogue with Brazil regarding her responsibilities as a mature player in the global economy.

At my meeting with Soviet General Secretary Gorbachev in Reykjavik, we explored the potential for increased interaction in a number of areas of science and technology. As we proceed with the Soviets, as well as the other Bloc countries, in such cooperative programs, our major objectives are to produce a scientific payoff for the United States, while protecting sensitive technology that could contribute to Soviet military objectives.

Bilateral cooperative agreements are only one facet of our scientific and technological activities in the international arena. To an increasing extent, issues of priority concern on the U.S. domestic scene also have international aspects and, thus, require coordinated attention and cooperation worldwide to achieve their solution.

Five years ago, a disease known as AIDS [acquired immune deficiency syndrome] was first identified in our country. Today, it affects all levels of society. Prevention and control of this devastating disease has become one of our Nation's highest public health priorities. However, AIDS is not a problem for the United States alone. AIDS is a worldwide epidemic. Alarm over its spread has spurred a concerted international effort to understand, control, and cure it. The United States is collaborating in the worldwide AIDS research and information dissemination campaign through direct bilateral activities and active participation in multilateral organizations.

The Chernobyl accident was an unprecedented international emergency that required urgent, immediate response and spurred international organizations to take action on many fronts. Notable among these was the action of the International Atomic Energy Agency to formulate conventions for notification and assistance. Through the leadership of the United States, there now is a better understanding of the incident and improved international cooperation on nuclear energy issues, including safety.

The year just ended saw continued close cooperation with the Soviet Union, the United Kingdom, and France to reduce the threat of nuclear proliferation. Five new signatories acceded to the Nuclear Non-proliferation Treaty during 1986. The United States was active in urging nations to institute and strengthen physical safeguards and urged cooperative programs to reduce the use of enriched uranium fuel in research reactors. In bilateral negotiations with several key countries, significant progress was made toward achieving U.S. non-proliferation objectives to help ensure the security of the world.

Cooperation in space remained an important element of our international S&T activities in Fiscal Year 1986, despite the Challenger accident. At the end of October 1985, NASA [National Aeronautics and Space

Administration] launched the Spacelab D-1 mission for the Federal Republic of Germany. That mission marked the first dedicated Spacelab application and technology science mission launched for one of our allies. Participation of a Dutch payload specialist on the Spacelab D-1 mission marked the entry of the Netherlands into the manned space arena. Negotiations with our international partners for the flight hardware phase of Space Station continued during this time period.

In issues concerning the environment and natural resources, some problems can be solved through national efforts alone, but there is an increasing awareness of a number of problems that threaten the future well-being of the planet, which demand international cooperation on a regional or even global scale. Examples in the environmental area include transboundary pollution, the global carbon cycle, and Antarctic atmospheric phenomena. The United States is addressing these problems through research programs and policy discussions under multilateral and bilateral auspices and through specific agreements with our nearest neighbors, Canada and Mexico. In the area of natural resources, the United States is cooperating with other countries through a wide range of multilateral and bilateral programs in addressing a number of important problems including: deforestation, the depletion of the world's genetic resources, and desertification. A related issue is concern over the environmental implications of recombinant DNA technology. A major milestone was achieved with the adoption in July by the Organization for Economic Cooperation and Development (OECD) of a recommendation on recombinant DNA safety considerations. This recommendation is expected to foster harmonization of the regulatory infrastructures of OECD members and of other countries as well as help avoid barriers to international trade.

Our Nation's scientific and technological excellence is a great national asset that underpins our Nation's future economic prosperity and security. To make optimum use of this national asset, we must make wise and long-term investments at home and, at the same time, fully participate in the world's science and technology enterprise. Through international cooperation in science and technology, we can strengthen our future position in global markets and advance our foreign policy and national security goals.

This Administration is committed to strengthening our international relationships in science and technology to ensure that they advance our Nation's broadest interests as we approach the challenges and new opportunities of the 21st century. We shall continue to work closely with our international partners to generate the new knowledge and to apply the innovative technologies of the future to help solve the problems of mankind and ensure global prosperity and security.

RONALD REAGAN

Text from Weekly Compilation of Presidential Documents of June 22, 1987. ■

Chronology of Relations Between the United States and Nepal, 1947-87

The following chronology was prepared by Evan M. Duncan, Office of the Historian, in March 1987.

The earliest known official contact between the United States and Nepal took place on June 10, 1910, when William H. Michael, the American Consul General in Calcutta, notified the Government of Nepal that Nepalese imports would be subject to the minimum tariff terms under the most recent American tariff legislation.

The first U.S. official visit to Nepal took place November 16-22, 1945. George R. Merrell, then Charge d'Affaires at New Delhi, presented the Legion of Merit to Prime Minister the Maharaja Padma Shumshere Jung Bahadur Rana in recognition of the role played by Gurkha soldiers from Nepal in the British Army during World War II. Earlier U.S. contacts included a visit in the fall of 1944 by Andrew Corry of the Foreign Economic Administration (FEA) in New Delhi. In the fall of 1945, Harry Witt of FEA and Lt. Alfred Brown, U.S. Army, visited Nepal to discuss the establishment of commercial relations. Cornelius van H. Engert, outgoing U.S. Minister to Afghanistan, visited Nepal in 1945, and Helen Nichols, Vice Consul at Calcutta, did so in 1946. Engert and Nichols were guests of the British Minister.

The first Nepalese official visit to the United States took place late in 1939, during the homeward journey of Gen. Krishna Rana, Nepal's Minister in London. His successor, Gen. Shinga Rana, also visited the United States late in 1945. In the summer of 1946, a Nepalese mission, headed by Commanding General Baber Rana, spent several weeks in the United States as guests of the State and War Departments. They were in Washington from July 25 to August 1.

March 22, 1947. The Department of State announced the despatch of a special diplomatic mission to Nepal. The mission included Joseph C. Satterthwaite, Samuel H. Day (Counselor for Economic Affairs, New Delhi), Raymond A. Hare, William C. Johnstone, Jr. (Chief Public Affairs Officer, New Delhi), Lt. Col. Nathaniel R. Hoskot (Assistant Military Attache, New Delhi), J. Jefferson Jones III (Vice Consul, Bombay), and Charles W. Booth (Vice Consul, Karachi).

Satterthwaite served as Personal Representative of the President with the personal rank of Minister during his mission to Nepal. He arrived in Kathmandu on April 13. On April 21, he presented a personal letter from President Harry S. Truman to King Tribhuvan, by which the United States recognized the independence of Nepal.

April 25, 1947. An Agreement of Commerce and Friendship was signed in Kathmandu between the United States and Nepal. The agreement provided for the establishment of diplomatic and consular relations, established a standard for treatment of American nationals, and established a rule of nondiscrimination in future commercial relations. (TIAS 2198)

According to another exchange of notes that day, the U.S. Ambassador to India would be accredited also as Minister to Nepal, with personnel stationed in New Delhi and Calcutta being similarly accredited. Nepal would in turn establish a Legation under a Charge d'Affaires *ad interim* in Washington, and a Consulate in New York.

(Satterthwaite described his mission in "Mission to Nepal," *American Foreign Service Journal*, August 1947, pp. 8-10, 32-40. He observed that, at the time, foreigners could only enter the

country as the guest of, or with the consent of, the Prime Minister. Great Britain was the only European country to have an official mission in Nepal. There was no direct access to Nepal; the mission traveled by rail, road, and finally by pack train and sedan chair to Kathmandu.)

February 3, 1948. The Department of State announced that the United States and Nepal would exchange Ministers. Commanding General Kaiser Shum Shere Jung Bahadur Rana, Nepal's Ambassador to Great Britain, would also represent his country concurrently in Washington. He presented his credentials in Washington on February 19, 1948.

May 3, 1948. Henry F. Grady, U.S. Ambassador to India, presented his credentials as the first U.S. Minister to Nepal. Until 1959, U.S. diplomatic personnel accredited to Nepal were also accredited to, and resident in, India.

December 3, 1948. Loy W. Henderson, U.S. Ambassador to India and Minister to Nepal, presented his credentials in Kathmandu. He had been appointed July 14.

January 23, 1951. The United States and Nepal signed a General Agreement for Technical Cooperation (TIAS 2198) in New Delhi. The first project to be



U.S. and Nepalese officials gather on the steps of Gallery Hall in Kathmandu on the occasion of the establishment of diplomatic relations. Ambassador Satterthwaite is sixth from the left, front row.

undertaken involved a survey of Nepal's mineral resources by Robert S. Sanford of the U.S. Bureau of Mines. The first personnel assigned to Point IV economic development programs arrived in Nepal in January 1952. From 1952 to 1986, the United States provided more than \$368 million in bilateral development assistance.

August 27, 1951. The Department of State announced that the United States and Nepal had agreed to upgrade their respective diplomatic missions to the rank of Embassy and to exchange ambassadors.

February 16, 1952. Chester Bowles, U.S. Ambassador to India and Nepal, presented his credentials in Kathmandu. He had been appointed on October 10, 1951.

March 19, 1952. Former First Lady Eleanor Roosevelt visited Nepal during a world tour that lasted from December 31, 1951, to April 1, 1952.

June 2, 1952. The U.S. Information Service opened a library in Kathmandu.

February 24, 1953. Gen. Shanker Shumshere presented his credentials as Nepal's first Ambassador to the United States. He continued to serve concurrently as Ambassador to the United Kingdom.

July 5, 1953. George V. Allen, U.S. Ambassador to India and Nepal, presented his credentials in Kathmandu. He had been appointed on March 11.

September 30-October 1, 1953. Senator Michael J. Mansfield became the first Member of Congress to visit Nepal. He was inspecting U.S. foreign assistance projects.

1954-1958. The United States and Nepal operated a joint cooperative services program in education.

January 22, 1954. Paul W. Rose was appointed as the first Director of the U.S. Operations Mission in Nepal. He had been in charge of agricultural development projects there since 1952.

March 13, 1954. King Tribhuvan died in Zurich, Switzerland, while undergoing medical treatment. His eldest son, Crown Prince Mahendra, succeeded him.

September 27, 1954. The Foreign Operations Administration (FOA) announced an emergency assistance program for Nepal, following floods and an earthquake that had killed over 1,000 people and left over 132,000 homeless. FOA authorized an expenditure of \$75,000 for medical supplies, while Dr. Alexander Langmuir of the U.S. Public Health Service visited Nepal to deter-



Ambassador Bowles had to travel partly on horseback to Kathmandu to present his credentials in 1951.

mine the extent of further assistance. Aerial reconnaissance of the affected areas was authorized.

October 23, 1954. An emergency aid agreement was signed in Kathmandu by Nepalese Prime Minister Koirala and the head of the U.S. Operations Mission. The agreement granted \$2 million to assist in reconstruction after a series of devastating floods. The Nepalese Government was to supplement the fund with one rupee for each dollar spent up to June 30, 1955.

June 3, 1955. John Sherman Cooper, U.S. Ambassador to India and Nepal, presented his credentials in Kathmandu. He had been appointed on February 4.

October 10, 1955. King Mahendra announced a 5-year plan for economic development.

December 14, 1955. Nepal was admitted to the United Nations. The United States had supported Nepal's admission since 1949, but the question had been in abeyance as a result of disputes with the Soviet Union over the admission of additional nations.

February 2, 1956. The International Cooperation Administration (ICA) announced a \$2 million grant of economic assistance to Nepal. Technical

cooperation projects would involve insect control, development of village training schools, and teacher training. The teacher-training program involved a contract with the University of Oregon to train 1,750 teachers and to establish a 4-year teachers' college. A development assistance project involved a land survey and soil studies in the Rapti Valley, along with malaria control and construction of an access road. It was expected that development of the Rapti Valley would make over 100,000 acres of land available for agriculture.

April 10, 1956. President Eisenhower sent a delegation, headed by Dr. Charles W. Mayo, Director of the Mayo Clinic, to represent the United States at the coronation of King Mahendra, which took place on May 2. Lowell Thomas and Mrs. Virginia Bacon were appointed to the delegation on April 25. (Ambassador John Sherman Cooper was appointed as head of the delegation, but did not serve in this capacity.)

August 29, 1956. The United States and India signed an agreement (TIAS 3661) authorizing the sale of agricultural commodities for rupees. The agreement allowed funds acquired to be used to

finance grants or loans to the Indian Government for economic development programs. Another surplus agricultural commodities agreement signed with India on November 13, 1959 (TIAS 4354), authorized the United States to use Indian rupees to purchase goods and services for agricultural development projects in India and other countries. These funds were subsequently used to finance economic development programs in Nepal.

August 1956. The Government of India announced that it would provide Nepal with 100 million rupees' worth of technical assistance and agricultural produce to assist Nepal's 5-year development plan. Negotiations were in progress for a joint project with the United States for the improvement of railways in Nepal.

January 1957. The Government of Nepal established a Planning Commission to implement its 5-year development plan.

March 8, 1957. Ellsworth Bunker, U.S. Ambassador to India and Nepal, presented his credentials in Kathmandu. He had been appointed on November 28, 1956.

January 2-6, 1958. The United States, India, and Nepal signed a tripartite agreement in New Delhi, under which they would allocate 50 million rupees for a 5-year road construction program in Nepal. The U.S. share in the program was \$5 million over 3 years. The program was meant to build an additional 900 miles of hard-surfaced roads. (India and Nepal signed it at Kathmandu on January 2; the United States signed at New Delhi on January 6, when it went into effect.)

May 31, 1958. The United States and Nepal signed an agreement in Kathmandu providing for 10 major development projects. The United States would contribute \$1,800,400, plus \$346,000 worth of supplies, while Nepal would contribute 4 million rupees (\$800,000). The projects included agricultural development, public works, industrial development centers, teacher training and educational programs, and public health services.

June 29, 1958. The United States, India, and Nepal signed a tripartite agreement in Kathmandu for the development of a telecommunications system. According to the plan, 56 radio stations would be established in Nepal, with additional stations in Delhi and Calcutta through which overseas communications would be directed. The United States would contribute \$1,350,000 and Nepal \$57,000.

September 28, 1958. Russell Drake, Chief of the U.S. Operations Mission in Nepal, announced a revision in the general agreement for U.S. aid to Nepal. Henceforth the Government of Nepal would have sole authority over the administration of projects, while American personnel would only have an advisory role. Previously, American codirectors had been assigned to each project.

October 27, 1958. Rishikesh Shaha presented his credentials as Nepal's Ambassador to the United States.

January 1959. Nepal established an Embassy in Washington.

August 5, 1959. The U.S. Embassy was established in Kathmandu, with L. Douglas Heck serving as Charge d'Affaires ad interim.

November 25, 1959. Henry E. Stebbins presented credentials as the first resident U.S. Ambassador to Nepal. He had been appointed on September 9.

April 27-30, 1960. King Mahendra and Queen Ratna made an official visit to Washington at the invitation of President Eisenhower; the King addressed a joint session of Congress on April 28. They then made a month-long tour of the United States.

May 17, 1960. The United States and Nepal signed an investment guaranty agreement in Washington. (The agreement was amended June 4, 1963.) (TIAS 4477 and 5391)

July 29, 1960. The Department of State announced that the International Cooperation Administration would loan the equivalent of \$1 million in Indian rupees to the Nepal Industrial Development Corporation to promote private industrial development. The rupees had been received from the sale of agricultural commodities to India under the PL 480 program, and an agreed minute signed with India on June 27 authorized their use for development projects in Nepal.

September 22, 1960. Prime Minister B. P. Koirala met with President Eisenhower in New York while attending a session of the UN General Assembly.

June 9, 1961. The United States and Nepal signed an agreement at Kathmandu for the financing of certain educational exchange programs. (TIAS 4845)

August 3, 1961. Matrika Prasad Koirala presented his credentials as Nepal's Ambassador to the United States.

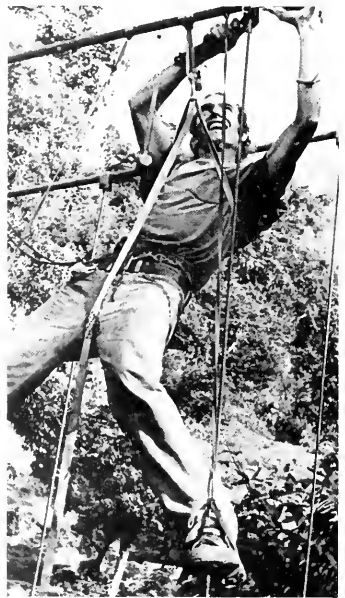
September 6, 1961. Nepal signed the articles of agreement of the International Monetary Fund and of the International Bank for Reconstruction and Development.

March 5, 1962. Nepal's National Planning Council announced a 3-year plan for economic development. The plan was to emphasize improvements in transportation and communication and the development of hydroelectric power. The United States was expected to provide 210 million rupees' worth of aid.

August 24, 1962. The United States and Nepal signed an agreement for the establishment of a Peace Corps program in Nepal (TIAS 5146). This eventually became the largest Peace Corps program, involving at its peak some 200 volunteers.

January 10, 1963. The United States, India, and Nepal signed an agreement to terminate their regional agreement of January 2 and 6, 1958, for the development of transportation facilities in Nepal.

May 1, 1963. Two members of a U.S. expedition reached the summit of Mt. Everest. Four other members of the



A Peace Corps volunteer working on a suspension bridge.

expedition did so on May 23. This was the first American attempt to climb Mt. Everest and the fourth expedition to succeed in doing so since 1953.

January 1964. The United States and Great Britain responded favorably to a request by Nepal for security assistance. Over the next 4 years, the United States provided \$1.8 million worth of utility vehicles, communications equipment, and hospital supplies to the Nepalese Armed Forces.

December 3, 1964. Maj. Gen. Padma Bahadur Khatri presented his credentials as Nepal's Ambassador to the United States.

December 5, 1966. Carol C. Laise presented her credentials as U.S. Ambassador to Nepal. She had been appointed on September 19.



Ambassador Laise is greeted by participants in a Farmers' Day program.

October 30-November 9, 1967. King Mahendra and Queen Ratna made a state visit to the United States.

Crown Prince Birendra began 2 years' study at Harvard University.

January 3, 1967. Ambassadors Carol Laise and Ellsworth Bunker were married in Kathmandu. She was Ambassador to Nepal and he was Ambassador at Large (Ambassador to Vietnam after April 5, 1967). This was believed to be the first marriage between two U.S. Ambassadors on active duty.

March 21, 1968. King Mahendra suffered a heart attack during a hunting expedition in the Terai district. President Lyndon B. Johnson later sent a physician to assist in the King's treatment.

April 17, 1969. Kul Shekhar Sharma presented his credentials as Nepal's Ambassador to the United States.

January 5-6, 1970. Vice President Spiro T. Agnew visited Nepal during a 3-week visit to Asian nations.

Astronauts Thomas P. Stafford and Eugene A. Cernan accompanied the Vice President and presented rock samples from the Moon to King Mahendra.

February 20, 1970. Senator William B. Saxbe was appointed Personal Representative of the President at the wedding of Crown Prince Birendra on February 27.

January 31, 1972. King Mahendra died in Kathmandu and was succeeded by his son, Crown Prince Birendra. King Birendra announced that he would continue his father's policies.

June 14, 1973. Yadu Nath Khanal presented his credentials as Nepal's Ambassador to the United States.

July 4, 1973. A royal decree forbade all trade in marijuana and hashish. On July 16, the Government of Nepal closed shops and restaurants selling cannabis or food preparations containing hashish to Western travelers.

September 28, 1973. William I. Cargo presented his credentials as U.S. Ambassador to Nepal. He had been appointed on July 16.

February 18, 1974. The United States signed a financial agreement with India to dispose of rupees received under PL 480 agricultural commodities sales. (TIAS 7831) India received \$2.2 billion worth of development grants, representing two-thirds of the U.S. rupee surplus. The balance would be used to support U.S. Government activities in India. Up to 65 million rupees per year could be used to support economic assistance programs in Nepal over the next 3 years or to finance training of Nepalese citizens in India.

1974-1975. The United States and Nepal signed an agreement amending the June 9, 1961, agreement for financing certain educational exchange programs. The agreement expanded the commission administering the program from eight to ten members and ended a provision authorizing use of Nepalese or Indian money obtained through sales of surplus American agricultural commodities. The agreement was implemented by exchanges of notes at Kathmandu, July 10 and December 13, 1974, and May 18, 1975. (TIAS 8325)

February 19, 1975. Philip Buchen, Counsel to the President, was appointed to lead a delegation to represent the United States at the coronation of King Birendra on February 24. The delegation also included Ambassador William I. Cargo, Senator Charles H. Percy of Illinois, Representative L. H. Fountain of North Carolina, Assistant Secretary of State for Public Affairs Carol C. Laise, James E. Brown of Utah, Marquita M. Maytag of California, and U.S. Ambassador to Niger L. Douglas Heck.

February 25, 1975. The day after his coronation, King Birendra proposed that Nepal should be declared "a zone of peace."

June 5, 1975. A grant agreement was signed in Kathmandu for construction of an 88-mile all-weather road in Nepal's western region. (TIAS 8801)

July 21, 1975. A project agreement was signed in Kathmandu for malaria control. (TIAS 8949)

January 13, 1976. A grant agreement was signed for improvement of the facilities of Tribhuvan University's Institute of Agriculture and Animal Sciences. (TIAS 8531) A second grant agreement for improvements to the University's Institute of Medicine was signed on February 4. (TIAS 8576)

January 23, 1976. Padma Bahadur Khatri presented his credentials as Nepal's Ambassador to the United States.

May 18, 1976. Marquita M. Maytag presented her credentials as U.S. Ambassador to Nepal. She had been appointed March 3.

June 30, 1976. An agreement was signed in Kathmandu relating to improvement of agricultural production technology. (TIAS 8799)

July 29, 1977. L. Douglas Heck presented his credentials as U.S. Ambassador to Nepal. He had been appointed on May 26.

August 4, 1977. Project agreements were signed in Kathmandu for the expansion and improvement of the Institute of Agriculture and Animal Sciences and for upgrading the capabilities of the Ministry of Food, Agriculture, and Irrigation. (TIAS 8832 and 8948)

1978-1987. Nepalese troops took part in the UN Interim Force in Lebanon (UNIFIL).

July 28, 1978. The U.S. Securities and Exchange Commission charged that the Boeing Company had made \$52 million in questionable payments to obtain aircraft sales in 18 countries, including Nepal. On January 5, 1979, the United States and Nepal signed an

agreement in Washington providing for legal cooperation in matters involving Boeing. (TIAS 9347)

August 31, 1978. Project grant agreements were signed at Kathmandu for a rural development program and for seed production and storage. (TIAS 9507 and 9508)

July 10, 1980. Philip R. Trimble presented his credentials as U.S. Ambassador to Nepal. He had been appointed on May 23. In 1976, Trimble had led a U.S. expedition to Mt. Everest.

August 29, 1980. Bhekh Bahadur Thapa presented his credentials as Nepal's Ambassador to the United States.

August 31, 1980. Project grant agreements were signed in Kathmandu for research conservation and for rural health and family planning services. (TIAS 9852 and 9859)

November 9-12, 1980. Under Secretary of State for Economic Affairs Richard N. Cooper visited Nepal.

July 3, 1981. Carleton S. Coon, Jr., presented his credentials as U.S. Ambassador to Nepal. He had been appointed on June 11, 1981. His wife, Jane Abell Coon, served simultaneously as Ambassador to Bangladesh. The Coons were the first married career Foreign Service officers to rise together to ambassadorial rank.

August 26, 1981. Jeane J. Kirkpatrick, the U.S. Ambassador to the United Nations, visited Nepal.

December 5-13, 1983. King Birenda made a state visit to the United States. President Reagan announced that next year's economic assistance would be greater than the \$13.5 million provided in 1983. He also endorsed the King's proposal to make Nepal a "zone of peace."

September 21, 1984. Leon J. Weil presented his credentials as U.S. Ambassador to Nepal. He had been appointed on August 13.

December 23, 1984. The United States and Nepal signed agreements for five projects involving agricultural research, rural development, health and family planning, education, and conservation. Nepal received \$13,569,000 in grant assistance.

January 14-17, 1985. Former Secretary of State Henry A. Kissinger visited Nepal. Former national security adviser Zbigniew Brzezinski had also visited Nepal at the beginning of the year.

October 10-15, 1985. Deputy Secretary of State John C. Whitehead visited Nepal during a tour of South Asia. His visit included a conference of U.S. Chiefs of Mission to South Asian countries.

October 17-29, 1985. Former President Jimmy Carter made a private visit to Nepal.

February 18, 1986. Bishwa Pradhan presented his credentials as Nepal's Ambassador to the United States.

May 30-June 1, 1986. An agreement was signed in Kathmandu concerning trade in cotton textiles.

Administrative arrangements concerning Nepalese textile exports were made July 28 and August 18. Earlier in the year, the United States established a \$34 million quota for Nepalese textile imports.

February 11, 1987. The United States and Nepal signed an agreement providing \$2.1 million for research in renewable resources and reforestation. ■

Exchange of Letters

April 21, 1987 Excellency

Your Majesty:

On April 25 the United States and the Kingdom of Nepal will celebrate the fortieth anniversary of our diplomatic relations. In signing on that date in 1947 an Agreement of Commerce and Friendship, our two countries launched an enduring friendship.

Over the intervening years, despite geographical distance and cultural differences, our two governments and peoples have cooperated in a wide range of common endeavors, including trade, protection of the environment, exchange programs, and international peacekeeping. Through the Agency for International Development and the Peace Corps, the United States has been a steadfast partner in Nepal's development efforts. I recall your visit here in December 1983 as a high point in our relations, during which we added the United States to the growing list of governments supporting your proposal to declare Nepal a Zone of Peace.

On behalf of all Americans, I am pleased to extend to Your Majesty and to the people of Nepal our good wishes on this landmark occasion. We have greatly valued your friendship over the past forty years, and look forward, over the coming years, to an even closer partnership.

Sincerely,
RONALD REAGAN

His Royal Majesty
Birendra Bir Bikram Shah Dev
King of Nepal
Kathmandu

On the happy occasion of the Fortieth Anniversary of the establishment of diplomatic relations between the Kingdom of Nepal and the United States of America, it gives me pleasure to extend to Your Excellency and through you to the government and people of the United States of America warm congratulations and best wishes on behalf of the government, the people of Nepal and on our own behalf. Over the four decades since the establishment of formal diplomatic ties between our two countries, friendship based on mutual appreciation, understanding and fruitful cooperation has developed steadily in a spirit of cordiality.

I recall with pleasure my visit to your beautiful country in 1983 and the endorsement of Nepal's Zone of Peace proposal by the American government on that occasion. I am confident that in the years ahead bilateral relations between Nepal and the United States of America will continue to strengthen and expand to our mutual satisfaction.

I would also like to avail myself of this opportunity to express our best wishes for Your Excellency's personal happiness and for the continued success and prosperity of the American people.

BIRENDRA R.

His Excellency
Mr. Ronald W. Reagan
President of the United States
of America
The White House
Washington, D.C.
U.S.A.

Kingdom of Nepal

PEOPLE

The Nepalese are descendants of three major migrations from India, Tibet, and Central Asia. Among the earliest inhabitants were the Newars of the Kathmandu Valley and aboriginal Tharus in the southern Terai region. The ancestors of the Brahman and Chetri caste groups came from India, while other ethnic groups trace their origins to Central Asia and Tibet, including the Gurungs and Magars in the west, Rais and Limbus in the east, and Sherpas and Bhotias in the north.

In the Terai, a part of the Ganges Basin plain, much of the population is physically and culturally similar to the Indo-Aryan people of northern India. In the hill region, people of Indo-Aryan and Mongoloid stock can be found, and many are a mixture of the two.

About one-third of Nepal's population lives in the Terai—about 20% of the land area—while two-thirds live in the central or hilly region. The mountainous highlands are sparsely populated. Kathmandu valley, in the central region, constitutes a small fraction of the nation's area but is the most densely populated, with almost 5% of the total population.

Religion is important in Nepal. Kathmandu valley has more than 2,700 religious shrines. Temples, stupas, and pagodas vary in size and shape; some are austere in their simplicity and others are ornate.

Officially, Nepal is a Hindu kingdom, with about 90% of the population professing that faith. However, Hinduism has been influenced by, and has had an influence on, a large Buddhist minority. The result is a unique synthesis of the two religions. Due to this relationship, Hindu temples and Buddhist shrines are mutually respected, Buddhist and Hindu festivals are occasions for common worship and celebration. Certain animistic practices of old indigenous religions are still in evidence. In addition Nepal has small Muslim and Christian minorities.

Nepali is the official language, although a dozen different languages and about 30 major dialects are spoken throughout the country. Derived from Sanskrit, Nepali is related to the Indian language, Hindi, and is spoken by about 90% of the population. Many Nepalese in government and business also speak English.

GEOGRAPHY

The Kingdom of Nepal is located in Central Asia along the southern slopes of the Himalayan Mountains. A landlocked country about 965 kilometers (500 mi.) long and 161 kilometers (100 mi.) wide, it is bordered by India and the Tibetan region of China.

Nepal has three distinct topographical regions, each running laterally the width of the kingdom. In the south, a flat, fertile strip of territory called the Terai is part of the Ganges Basin plain. Central Nepal, known as the "hill country," is crisscrossed by the lower ranges of the Himalayas and by swiftly flowing mountain rivers. The high Himalayas form the border with Tibet in the north. Eight of the world's 10 highest peaks are in this area. The highest, Mt. Everest, is 8,847 meters (29,028 ft.) above sea level. Kathmandu, the capital, is in a broad valley at 1,310 meters (4,300 ft.) in the middle hill region.

Nepal's climate ranges from subtropical in the south to cool summers and severe winters in the northern mountains. At Kathmandu, the average high temperature is 30°C (86°F) in May and the average low is 1.6°C (33°F) in December. The monsoon season is from June through September and brings from 75 to 150 centimeters (30–60 in.) of rain. Showers occur almost every day and sometimes continue for several days. From October through March, sunny days and cool nights prevail.

HISTORY

Modern Nepal was created in the latter half of the 18th century when Prithvi Narayan Shah, the ruler of the small principality of Gorkha, formed a unified country from a number of independent hill states. The country was frequently called the Gorkha Kingdom, the source of the term "Gurkha" by which the Nepalese soldiers, world-renowned for their bravery, are known.

After 1800, the heirs of Prithvi Narayan Shah proved unable to maintain firm political control over Nepal. A period of internal turmoil followed, heightened by Nepal's defeat in a war with the British between 1814 and 1816. Stability was restored after 1846 when the Rana family gained power, entrenched itself through hereditary prime ministers, and reduced the monarch to a figurehead.

The Rana administration, a tightly centralized autocracy, pursued a policy of isolating Nepal from external influences. This policy helped Nepal maintain its national independence during the colonial era, but it also hobbled the country's economic development.

In 1950 King Tribhuvan, a direct descendant of Prithvi Narayan Shah, fled from his "palace prison" to newly independent India, thereby touching off an armed revolt against the Rana administration. This paved the way for the restoration of the Shah family to power and eventually the appointment of a non-Rana as prime minister. The 1950s was a period of quasiconstitutional rule during which the monarch, assisted by the leaders of the fledgling political parties, governed the country. At times, the government was led by prime ministers from these parties who represented a spectrum of views; during other periods the monarch ruled directly. King Tribhuvan was succeeded after his death in 1955 by his son, King Mahendra.

Throughout the 1950s, efforts were made to frame a constitution for Nepal that would establish a representative form of government, patterned on a modified British model. In early 1959, such a constitution was issued by King Mahendra, and shortly thereafter the first democratic elections were held for a national assembly.

The Nepali Congress Party, a moderate socialist group, gained a substantial victory in the election. Its leader, B.P. Koirala, was called upon to form a government and serve as prime minister.

After little more than 18 months, however, King Mahendra declared the experiment in parliamentary democracy a failure, dismissed the Koirala government, suspended the constitution, and again ruled directly from the palace. The king charged the Nepali Congress Party's government with corruption, misuse of power, and inability to maintain law and order. He declared that Nepal needed a democratic political system closer to Nepalese traditions. To meet this need, the king promulgated a new constitution on December 16, 1962, establishing a partyless system of *panchayats* (councils). This system, originally a complicated pyramid progressing by stages from village to national councils, draws its theoretical inspiration from the traditional local government institution found in parts of Nepal—the village *panchayat*.

Nepal—A Profile

With the *panchayat* system firmly established by 1967, King Mahendra began working out an accommodation with the former political party members, and participation in the government by former political leaders was encouraged. This resulted in the granting to the parties of a quasilegitimacy despite their official nonexistence—a situation which has persisted to this day.

In January 1972, King Mahendra died of a heart attack and was succeeded by his 27-year-old son, King Birendra.

In the spring of 1979, student demonstrations and antiregime activities led to a call by King Birendra for a national referendum to decide on the nature of Nepal's government—either the continuation of the *panchayat* system or the establishment of a multiparty system. In a December 1979 speech, the king promised to amend the constitution, in the event the *panchayat* system was retained, to further democratize it.

The referendum was held in May 1980, and the partyless *panchayat* system won a narrow victory. As he had promised, the king reformed the *panchayat* system, providing for election to the National *Panchayat* on the basis of universal suffrage. The amendments also granted to the National *Panchayat* greater power than it had previously.

A second round of voting was held in the spring of 1981 to elect a new National *Panchayat*. The election was boycotted by most of the major political groups, which had expressed unhappiness with the king's political reforms. Nevertheless, the election attracted a broad array of candidates and a respectable turnout at the polls. Surya Bahadur Thapa, prime minister from the time of the student uprisings in 1979 until the election, was renominated to that post by an overwhelming majority of the National *Panchayat* members when that body convened in June 1981. Thapa's government was removed following a no-confidence motion in the National *Panchayat* in 1983. He was replaced by Lokendra B. Chand, who continued as prime minister until announcement of the 1986 National *Panchayat* elections.

GOVERNMENT

The constitution specifies that the king (chief of state) is the sole source of authority for all government institutions in Nepal. He exercises broad powers over the country's *panchayat* system of government.

People

Nationality: *Noun*—Nepalese (sing. and pl.). *Adjective*—Nepalese or Nepali. **Population** (1985 est): 16.6 million. **Annual growth rate:** 2.66%. **Ethnic groups:** Brahmins, Chetris, Gurungs, Magars, Tamangs, Newars, Bhotias, Rais, Limbus, Sherpas. **Religions:** Hinduism (90%), Buddhism, and Islam. **Languages:** Nepali and more than 12 others. **Education:** *Years compulsory*—3. *Attendance*—primary 78.6%, secondary 21.4%. *Literacy*—28.9%. **Health:** *Infant mortality rate*—152/1,000. *Life expectancy*—50.88 yrs. (male), 50.10 yrs. (female). **Work force:** *Agriculture*—91.1%. *Industry*—2%. *Services*—5%. *Others*—1.9%.

Geography

Area: 147,181 sq. km. (56,136 sq. mi.); slightly larger than Arkansas. **Cities:** *Capital*—Kathmandu (pop. 422,237). *Other cities*—Patan, Bhaktapur, Pokhara, Biratnagar, Birganj. **Terrain:** Three distinct topographical regions: flat and fertile in the south; the lower Himalayas and swiftly flowing mountain rivers forming the hill country in the center; and the high Himalayas forming the border with Tibet in the north.



Climate: Ranges from subtropical in the south to cool summers and severe winters in the northern mountains.

The Council of Ministers (cabinet) functions as the executive arm of the government and gives policy advice to the king. The National *Panchayat* selects the prime minister provided a candidate is able to win the support of 60% of the members. If no candidate receives that support, the king chooses the prime minister from a list of three candidates provided by the *Panchayat*. The Council of Ministers is answerable to both the *Panchayat* and the king, although a prime minister can be removed only with royal consent.

Government

Type: Monarchy. **Constitution:** December 16, 1962; 1st Amendment—Jan. 27, 1967; 2nd Amendment—Dec. 12, 1975; 3rd Amendment—Dec. 15, 1980.

Branches: *Executive*—king (chief of state), prime minister (head of government). *Legislative*—National *Panchayat*. *Judicial*—Supreme Court.

Subdivisions: 14 zones and 75 districts. **Political parties:** None officially. **Suffrage:** Universal.

Central government budget (FY 1986–87): \$618.6 million.

Defense (FY 1986–87): \$32.8 million or 5.3% of government budget.

National Day: December 28, King Birendra's birthday.

Flag: Two blue-edged red triangles pointing away from staff, with symbols of the sun and moon in white.

Economy

GDP (FY 1985–86): \$2.5 billion. **Annual growth rate:** 4.2% at constant prices. **Per capita income:** \$160. **Avg. inflation rate** (last 5 yrs): 10.2%.

Natural resources: Water, timber, hydroelectric potential, scenic beauty, limited but fertile agricultural land.

Agriculture (60% of GDP): Rice, maize, wheat, millet, jute, sugarcane, oilseed, potatoes. *Land*—16.5% cultivated (1981 est.).

Industries (4.6% of GDP): Cigarettes, garments, soap, matches, bricks, sugar, lumber, jute, hydroelectric power, cement.

Trade (FY 1985/86): *Exports*—\$158.7 million; agricultural products and timber.

Major market—India. *Imports*—\$497.3 million; textiles, other manufactured goods.

Major supplier—India.

Official exchange rate (Feb. 1987): 21.90 Nepalese rupees = US\$1.

Fiscal year: Mid-July to mid-July.

Membership in

International Organizations

UN, Non-Aligned Movement, Colombo Plan, IMF, IBRD, ADB, ESCAP.

The king also receives policy advice from the *Raj Sabha* (Council of State), made up of *ex officio* members from other government organs and other members appointed by the king.

Nepal has a unitary system of government. The country is divided into 14 zones and 75 districts. Each zone is administered by a commissioner and one or two assistant zonal commissioners. All are appointed by the central government. At the district level, law and order are the responsibility of the chief district officer.

While the pyramid shape of the *panchayat* system has been altered by the direct election of the National *Panchayat*, the system at the lower levels remains unchanged. Under panchayat democracy, a village or group of villages with a population of 2,000 or more is organized into a village assembly which elects by secret ballot an 11-member executive committee—the village *panchayat*. Similarly, a town with a population of 10,000 or more has a town *panchayat*—there are 23. Every Nepalese citizen aged 21 years or older is a member of a village or town assembly. In each of the 75 districts, the members of a district assembly, composed of representatives of the village and town *panchayats*, form an 11-member district *panchayat*. The National *Panchayat*, the level above the district *panchayat*, is composed of 112 members elected on the basis of universal adult suffrage and 28 members appointed by the king.

The judiciary is legally independent of the executive and legislative branches, although it is generally not assertive in challenging the executive. Appointments to the Supreme Court and the Regional Courts are made by the king, while appointments to the lower courts are made by the cabinet on the recommendation of the Judicial Service Commission. All lower court decisions, including acquittals, are subject to appeal, and the Supreme Court is the court of last appeal. The king may grant pardons and set aside judgments.

Principal Government Officials

King (Chief of State)—Birendra Bir
Bikram Shah Dev
Queen—Aishwarya Rajya Laxmi Devi
Shah

Council of Ministers

Prime Minister, Royal Palace, Defense and General Administration—Marich Man Singh Shrestha
Foreign Affairs and Land Reform—Shailendra Kumar Upadhyaya
Public Works, Transport and Communication—Hari Bahadur Basnet
Panchayat and Local Development—Pashupati Shumshere Rana
Agriculture, Law, and Justice—Hari Narayan Rajauriya
Forests and Soil Conservation—Hem Bahadur Malla
Commerce—Bijay Prakash Thebe
Water Resources—Dr. Yadav Prasad Pant
Supplies—Parashu Narayan Chaudhari
Health—Gunjeshwori Prasad Singh

Ministers of State

Home—Prakash Bahadur Singh
Education and Culture—Keshar Bahadur Bista
Finance and Industry—Bharat Bahadur Pradhan
Tourism, Labor, and Social Welfare—Ramesh Nath Pandey

Other Officials

Chief Justice—Dhanendra Bahadur Singh
Chairman, National *Panchayat*—Nava Raj Subedi
Chairman, Standing Committee of Raj Sabha (Council of State)—Anirudra Prasad Singh
Chief of Army Staff—Gen. Satchit S.J.B. Rana
Ambassador to the United States—Bishwa Pradhan
Ambassador to the United Nations—Jai Pratap Rana

The Kingdom of Nepal maintains an embassy in the United States at 2131 Leroy Place NW., Washington, D.C. 20008 (tel. 202-667-4550). The Nepalese Mission to the United Nations is at 300 E. 46th Street, New York, N.Y. 10017

POLITICAL CONDITIONS

In April 1986, Prime Minister Chand and his cabinet resigned in order to contest the elections for the second 5-year term of the directly elected National *Panchayat*. An interim cabinet, led by Prime Minister Nagendra Prasad Rijal, was appointed to oversee the May elections. Negotiations to enable political party supporters to contest the elections as individuals broke down at the last moment, and the major parties again sat out the election, with the exception of certain leftist groups which managed to elect about a dozen candidates under the partyless *panchayat* guidelines. The election resulted in the defeat of a majority of the incumbents seeking reelection, including several veteran *panchayat* system supporters. Despite allegations in some districts of official interference in the campaign and in the vote counting, the election was generally seen as free and fair. Voter turnout approached 60%.

Following the election, Marich Man Singh Shrestha was named prime minister, the first from Nepal's Newar community. Shrestha outlined a policy aiming at effective administration, focusing on the economic problems of the country while maintaining the political *status quo*.

Despite the 1980 referendum, which confirmed the partyless *panchayat* system, the role of the banned parties remains an important political issue. In the local elections of March and April 1987, the Nepali Congress Party agreed to permit individual activists to compete but discouraged participation by the party's leadership. With lesser-known figures as candidates, the party lost in some 85% of the constituencies, including in some areas long considered Congress strongholds. The major exception was Kathmandu, where Congress candidates won both the mayor and deputy mayor posts. Government-backed candidates won 65%, and leftists of various shades captured 20%. Charges of vote-rigging and intimidation were more prevalent in the local elections than in the 1986 national elections, and violence forced postponement of the polling in at least one constituency.

There are hundreds of privately owned newspapers, and they are generally free to expound diverging viewpoints. However, the press is constrained by laws forbidding criticism of the monarchy and of the partyless system and by regulations requiring registration and fixed publication schedules.

ECONOMY

Nepal ranks among the world's poorest countries, with a per capita income of about \$160. It maintained a self-imposed isolation until the middle of this century. When Nepal's modern era began in 1951, the kingdom had virtually no schools, hospitals, roads, telecommunications, electric power, industry, or civil service. Its economic structure was based on subsistence agriculture.

Owing to efforts by the government and substantial amounts of external assistance—historically given principally by India, China, and the United States—a start has been made toward laying the foundation for economic growth. Nepal has completed six economic development plans. The first four emphasized the development of transportation and communications facilities, agriculture, and industry; improvement in government organization and management; and inauguration of a land reform program. Plans since 1975 have placed greater emphasis on development efforts which will respond more directly to the needs of rural people.

The economic development plans have resulted in some progress, especially in social services and infrastructure.

A countrywide education plan is underway, and Tribhuvan University has several dozen campuses. Malaria was brought under control in a large and previously uninhabitable area, although its resurgence is requiring additional control efforts. Kathmandu is linked to India, Tibet, and nearby hill regions by road, and the highway network continues to be expanded. Other towns are connected to the capital by radio. Also a start has been made toward exploiting Nepal's major economic resources—hydroelectric potential and tourism.

Several hydroelectric projects have been completed. A system of internal finance and public administration has been established. Industry, concentrated in the Kathmandu valley and the southeastern part of the country, is small and generally produces items for local consumption. The garment industry, oriented toward exports, has experienced rapid growth in recent years. Efforts are also being made to develop a network of cottage industries specializing in textiles, furniture, and soap.

Agriculture is Nepal's principal economic activity providing more than one-half of the country's income. More than 90% of the people are engaged in agrarian pursuits. Only about 16% of the total area is cultivable, while another 33% is forested. Rice, wheat, and jute are the main crops. The Terai region produces an agricultural surplus, part of which supplies the food-deficient hill areas; part is exported, primarily to India.

Mineral surveys are still in progress, and the steep mountain terrain makes exploitation difficult, but small deposits of limestone, magnesite, zinc, copper, iron, mica, and cobalt have been found. Mines are being developed for the first three. Royal Dutch Shell and Triton (USA) have received a concession to explore for petroleum in southeastern Nepal and will drill several wells within a 4-year work plan.

The swift rivers flowing south through the Himalayas to the plains afford considerable potential for developing hydroelectric power and cause serious flooding in India. Irrigation/hydroelectric projects have been undertaken jointly with India on the Kosi, Trisuli, and Gandaki Rivers. A feasibility study is under way on a dam project to tap the enormous potential of the Karnali River in western Nepal. The 60 megawatt hydroelectric project at Kulekhani, funded by the World Bank, Kuwait, and Japan, began operation in 1982. Kulekhani II, adding 32 megawatts, is nearing completion, and

work has begun on the 66-megawatt Marsyangdi project. A national distribution grid is mostly in place, and electricity consumption is increasing at 15–20% per year. The next stage of planning is focusing on the Arun River in eastern Nepal, where highly economical projects in the 200–400 megawatt range are possible.

Nepal's foreign trade and balance of payments have suffered some sharp setbacks in recent years. In FY 1985–86, Nepal exported \$158.7 million in goods, up from \$156.6 million the year before. Imports totaled \$497.3 million in FY 1985–86, up from \$460.8 million a year earlier. The growing trade gap, particularly with India, forced a 17% devaluation of the Nepali rupee in December 1985. The International Monetary Fund (IMF) negotiated a standby arrangement tied to economic reforms which ameliorated the balance-of-payments situation during 1986. A mid-term economic recovery program coupled with a World Bank structural adjustment credit shows promise of putting Nepal back on a growth path. A recent positive trend has been the rapid growth in foreign exchange earnings from the export of readymade garments and from tourism.

Population pressure on resources is bound to increase further in Nepal. Even with an effective family-planning program, Nepal's population probably will reach 20–22 million by the turn of the century. Overpopulation is already damaging the delicate ecology of the middle hill areas. Forest reserves have been depleted for fuel and fodder, contributing to erosion and monsoon flooding.

The Government of Nepal has enacted changes in the tax structure and the Industrial Enterprises Act, aimed at encouraging domestic and foreign private sector expansion. Nevertheless, in seeking to lay the groundwork for a modern economy, Nepal's task is complicated by the country's rugged terrain and recent emergence from the traditional feudal society. Maintaining sufficient economic progress to keep pace with the population's rising aspirations is likely to be a problem for some time to come.

DEFENSE

The worldwide reputation of the Nepalese soldier as a superior fighter is due in large part to the performance of the troops of Nepalese origin who have

fought as contingents in the British Army since the early 19th century and for the Indian Army since it was formed in 1947. Agreements allowing the British and Indians to recruit in Nepal are maintained to this day.

Nepal's own military establishment consists of an army of about 30,000 troops organized into one royal guards brigade, seven infantry brigades, one parachute battalion, one artillery battalion, one engineer battalion, one signal battalion, and several separate companies. There is a modest air wing organic to the army but no navy. Training assistance is provided by India and the United Kingdom, and by the United States through a \$100,000 international military education and training (IMET) program. In addition to their responsibilities in Nepal, the Royal Nepalese Army has served with distinction in three UN peacekeeping missions and currently has a battalion-sized contingent attached to the UN Interim Force in Lebanon (UNIFIL).

FOREIGN RELATIONS

As a small, landlocked country, wedged between two larger and far stronger powers, Nepal's foreign policy focuses on China and India. Nepal has sought to develop and maintain a policy of close and friendly relations with both.

Because of strong cultural, linguistic, religious, and economic ties, Nepal's associations with India are closer than those with China. Although Nepal has trade and transit agreements with India, its dependence on the Indian market for most of its imports and exports and on the port of Calcutta for its access to the sea have been the source of periodic friction between the two countries. India has provided Nepal with substantial economic assistance, currently averaging about \$14 million annually. Indian projects cover a spectrum of activities.

Nepal formally established relations with China in 1955. The following year, Nepal relinquished certain extraterritorial rights it had acquired in Tibet as a result of mid-19th century wars. The status of the Sino-Nepalese border was settled by a 1960 treaty. The Chinese have contributed large amounts of economic assistance to Nepal.

Nepal and the United Kingdom have maintained various forms of representation for more than 150 years. For many years, the British were the only foreign power permitted to maintain a mission in Kathmandu. Nepal's relations with the United Kingdom are friendly.

The Soviet Union opened an embassy in Nepal in 1959 and during the 1960s provided Nepal with economic assistance, largely in industry and transportation. In recent years, Soviet aid has been inconsequential, limited mainly to training and technical assistance.

On international issues, Nepal has followed a nonaligned policy and often votes with the nonaligned group at the United Nations. Nepal participates in a number of UN specialized agencies.

U.S.-NEPALESE RELATIONS

Since their formal establishment in 1947, U.S.-Nepalese relations have been friendly. A U.S. Embassy was opened in Kathmandu in 1959. King Birendra made a state visit to the United States in December 1983.

The United States has provided more than \$300 million in economic assistance to Nepal since 1951. In recent years bilateral U.S. economic assistance through the Agency for International Development (AID) has averaged approximately \$15 million per year. AID supports three core projects in health and family planning, environmental protection, and rural development. In addition, the United States contributes to Nepal's development through various multilateral institutions and private voluntary organizations.

The Peace Corps also has programs in Nepal assisting development in

agriculture, education, health, and rural programs generally. The first Peace Corps volunteers came to Nepal in 1962, and at present there are approximately 140 volunteers posted there.

U.S. policy toward Nepal has three objectives:

- Support for peace and stability in South Asia;
- Support for Nepalese independence and territorial integrity; and
- Support for one of the world's least developed countries in meeting its development needs through selected programs of economic aid and technical assistance.

Principal U.S. Officials

Ambassador—Leon J. Weil
Deputy Chief of Mission—Lewis R. Macfarlane
Political and Economic Officer—David R. Telleen
Administrative Officer—Ralph Frank
Consular Officer—Robert A. Dolce
AID Director—David M. Wilson
Public Affairs Officer—William C. Dawson
Peace Corps Director—James Lehman

The U.S. Embassy in Nepal is located at Pani Pokhari, Kathmandu (tel. 411179).

Taken from the *Background Notes* of June 1987, published by the Bureau of Public Affairs, Department of State. Editor: Juanita Adams. ■

The Threat to American Diplomats

For me terrorism has a personal side. There are memorial plaques in the State Department lobby listing the names of American diplomats who have died in the line of duty since 1776. When I joined the Foreign Service 21 years ago, there were 81 names on those plaques. All but seven of these diplomats died from earthquakes, plagues, and other nonpurposeful causes. But in the last 21 years, 73 additional names have been added to these plaques, names of Americans serving in U.S. diplomatic missions. In other words, for the first 190 years of our nation's existence, the Foreign Service lost a member to violent, purposeful death about once every 27 years. Since I joined, we have averaged one such loss about every 90 days.

But not just diplomats and not just airlines and not just Americans suffer. Terrorism occurs in most parts of the world, but it is the world's democracies that suffer most. For example, in 1986, 64% of all international terrorist attacks were directed against only three countries—the United States, Israel, and France.

The moral values upon which democracy is based—individual rights, equality under the law, freedom of thought, freedom of religion, and freedom of the press—all stand in the way of those who seek to impose their will or their ideology by force.

The challenge to democracies is to combat terrorism while preserving these deep democratic values. A particularly sensitive issue, and the one I would like to discuss today, is the interplay of the media and terrorism. While virtually all players on the international stage vie for attention and public support, terrorists are unique in the way they use violence against innocents to draw attention to a cause.

Media and Terrorism

Terrorist threats—to our people, to friendly countries, and to democracy itself—are all made more complex by the interplay among media, governments, and terrorists. The very nature of terrorism, its desire to gain the widest possible publicity for its act, makes this complexity inevitable.

Terrorists have always understood that the target was not the physical victim but the wider audience. Their goal is to terrorize citizens in an apparently random way, so that people might lose confidence in their governments. Nineteenth-century Russian terrorists spoke

Terrorism and the Media

by L. Paul Bremer, III

Address before the International Association of Airline Security Officers on June 25, 1987. Mr. Bremer is Ambassador at Large for Counter-Terrorism.

It is a pleasure for me to be at this important conference and to speak to a group so dedicated to the prevention of terrorist attacks—a goal we share. Your efforts to enhance airline security are commendable. I see from the conference agenda that you are also wrestling with tough issues like international drug smuggling. I hope that your sincere efforts to oppose these threats to the airline industry will bear fruit.

In your business and in mine, terrorism presents a direct threat to our interests and our personnel. From 1980 through 1986 the airline industry was the target of over 300 terrorist attacks on airplanes, airport terminals, corporate and ticket offices, and tourist bureaus. During the same period, diplomats and diplomatic facilities throughout the world were targets in over 1,100 attacks. That means that during the decade to date, an airline or diplomatic establishment was attacked about every 38 hours. While many of these attacks amounted to little more than harassment, many caused catastrophic loss of life. These numbers make it clear just how pervasive terrorism has become.

of "propaganda of the deed." Terrorists then could not imagine the power terrorist acts would have in the day of worldwide live television broadcasts.

I'm sure many of us in this room can remember the horror we all felt seeing the 1972 Olympic Games disintegrate into kidnapping, flames, and murder. No doubt the Black September faction of the Palestine Liberation Organization (PLO) chose to attack the Israelis at the Munich Olympics precisely because it guaranteed them a worldwide audience. How many times since then have we all been riveted to our television sets to watch some new act of barbarism unfold.

But we must not fall into the trap of confusing technology with people. The medium is *not* the message. The message is what reporters and editors decide should be aired, decide what should be printed. What you and I see, hear, and read about terrorism in mass media is the result of multiple decisions made by cameramen, reporters, producers, copywriters, editors, and managers throughout the news industry. When we explore the role of media in terrorism, we are in fact exploring the judgments of dozens of individuals.

Delicate Issues When Covering Terrorist Incidents

The most difficult issue involved is media coverage of a terrorist incident in progress. Because news organizations, especially electronic media, can have a major impact on the outcome of a terrorist incident, journalists must exercise special care and judgment. Innocent lives can be lost by even the slightest miscalculation on the part of the media. That is why we hope responsible journalists will keep certain specific points in mind as they cover ongoing terrorist incidents.

Journalists covering an incident in progress might take a point from the Hippocratic oath: first, do no harm. We have to assume that terrorists have access to anything published or broadcast about them and the attack they are carrying out. The hand-held television is a fact of life; any airport duty-free shop has excellent, battery-powered short-wave receivers the size of a paperback book; two-way radios are cheap and readily available. It is now possible to put a cellular telephone, a two-way radio, a shortwave receiver, and a television in one ordinary briefcase.

The ability of terrorists to track outside responses to their actions in real or near-real time means that journalists are not just narrating the passing scene.

They are players; like it or not, they are involved. This involvement imposes special responsibilities on journalists during a terrorist incident such as an airline hijacking. Just like those of us on the task force in the State Department's Operations Center, just like you ladies and gentlemen responsible for the safety of your passengers, journalists are making decisions which can mean life or death for specific, identifiable individuals.

During hijackings and other incidents of hostage taking, terrorists have—as during the Air France hijacking to Entebbe and the TWA 847 hijacking—segregated victims by race, religion, nationality, or occupation. Indeed, people have been murdered on the basis of these distinctions. Obviously, news reports saying things like "22 of the 72 passengers are American citizens" is information which can be useful to terrorists and deadly for hostages.

Even revealing the exact number of hostages can be valuable to terrorists. Six of the American employees of the U.S. Embassy in Tehran spent several weeks hiding with our Canadian friends. Had the terrorists realized their absence they, too, could have been seized. Several news organizations learned of this situation, and—to their credit—did not report it.

The importance of not revealing the number or identity of hostages during hijacking situations was among the topics discussed at a coordinating meeting held in February involving the Department of State, the Federal Aviation Administration (FAA), and chief executive officers and security officers from this country's airlines. During this meeting and at a recent followup meeting, we discussed the proper procedures for channeling such information.

A wide range of people have suggested ways in which the media might address the problems inherent in covering hijackings and other hostage situations. Some have suggested that there be no live coverage of an incident in progress. Others have proposed formal guidelines, perhaps offered by the government, perhaps voluntarily set up by news organizations, perhaps by the two working in concert. After considerable reflection, I believe that U.S. law and custom, our country's profound commitment to freedom of the press, and the individual circumstances of each terrorist incident make it impractical to develop universally accepted guidelines on media's response to terrorism.

Questions for Media Coverage of an Incident

Still, given the media's involvement in terrorist incidents, it seems to me that journalists and their editors should be asking themselves some tough questions as they cover terrorist incidents. Let me suggest eight such questions.

- Have my competitive instincts run away with me? Journalism is a competitive business. Everyone wants to cover the story better, and where possible, sooner than the competition. Occasionally, competitive instinct has overridden common sense. One need only look at the tapes of the Damascus "press conference" with the TWA 847 hostages to see how the pressures for a better camera angle or an answer to a question turned professional journalists quite literally into a mob.

- What is the benefit in revealing the professional and personal history of a hostage before he or she is released? Hostages have been known to misrepresent their marital status, professional responsibilities, career histories and other material facts in their efforts to persuade their captors not to harm them. One former hostage is certain that the lies he told his captors saved his life. It is standard American journalistic practice to report information about victims, but in many other democratic countries that is not the case. In the unique circumstances of political terrorism, even facts verified by family members or coworkers could have deadly consequences.

- When reporting on the statements made by hostages and victims, a journalist might well ask himself or herself: have I given sufficient weight to the fact that *all* such statements are made under duress? If I decide to go ahead with the report, have I given my audience sufficient warning?

- Should I use statements, tapes, and the like provided by the terrorists? How reflective of actual conditions are the materials provided by the terrorists? How much analysis should I offer? How much speculation? Former hostage David Jacobsen recounts the beatings he received when U.S. media reported that messages made at the direction of his captors were said to contain "hidden messages."

- How often should I use live coverage? Should I put a terrorist on TV live? Should I run an unedited statement on the air or in print? To what extent will I serve the terrorists' purposes by so doing? One of the things that distinguishes terrorism from other crimes is the use of real or threatened violence to

amplify and advance a political position. Few news organizations run more than brief excerpts of statements by anyone but the President of the United States. Even then, reporting full texts of presidential remarks is limited to special occasions. Giving extensive coverage to terrorist statements may well encourage future acts of terrorism.

• Am I judging sources as critically as I would at other times? Devoting major chunks of space and time to a terrorist incident can create a situation in which it becomes difficult to generate enough solid material to "fill the hole." During terrorist incidents we have all seen reporting of what amounts to nothing more than rumor. Information based on sources responsible news organizations would not normally touch has been given broad circulation during incidents. I have seen stories which should have read something like:

"According to the reports of a wire service known to be careless, a newspaper noted for its irresponsibility has reported that anonymous sources in a rumor-plagued city have said. . . ."

• Should I even try to report on possible military means to rescue the hostages? A particularly controversial practice by some news organizations is trying to discover and publish reports on the movements of military forces during a terrorist incident. Such reporting can only end up one of two ways: the report is correct and the news organization runs the risk of having served as an intelligence source for the terrorists; or the report is wrong, in which case it may unduly complicate the resolution of the incident. This subject deserves special attention. Reports on military activities designed to surprise an armed foe are just about as secret as things get.

• What about honest consideration for the family members of victims? One former hostage recounts how his teenage son received a telephone call at 2 a.m. The journalist calling had a question: "The latest reports indicate that your father will be executed in 2 hours. Any response?"

Progress in Media Coverage

It is encouraging to see that responsible journalists are paying increasing attention to the impact their actions have on terrorism. I know that some major news organizations have set up specific internal guidelines for handling terrorist incidents.

It was gratifying to note that major networks declined to broadcast a videotape made in March by one of the

hostages in Lebanon. The substance of what was said was reported, but the tape itself—obviously a cynical attempt by the kidnapers to advance their demands—was not aired.

Just as we in government must defend our constitution without abandoning our traditional values, journalists must exercise their judgment in ways which do not jeopardize their traditional role as an independent watchdog. The media need no prompting to resist efforts at manipulation by government. One can hope they exercise the same care at resisting manipulation by terrorists.

How then are we to thwart terrorism? What can we as citizens, as company executives, as journalists, as government officials do to protect ourselves from the multiple threats of terrorism?

Our Strategy Against Terrorism

Our government has essentially turned to a common sense strategy to combat terrorism. Despite some setbacks, this program is beginning to show successes.

This strategy rests on three pillars:

- The first is a policy of firmness toward terrorists;
- The second is pressure on terror-supporting states; and
- The third encompasses a series of practical measures designed to identify, track, apprehend, prosecute, and punish terrorists.

The first of these pillars, no concessions, is designed to avoid rewarding terrorists. Behavior rewarded is behavior repeated, as any parent can attest. This element of our policy is sometimes misstated or misunderstood. Some believe that this policy means we will not ever talk to terrorists. That is not correct. To be precise, our policy is that we will not make concessions to terrorists, nor will we negotiate with them. But we will talk to anyone, to any group, and to any government about the safety and well-being of Americans held hostage.

The second pillar, maintaining pressure on terror supporting states, is of real importance because of the special danger posed by the state-supported terrorist. Our aim is to raise the economic, diplomatic, and—if necessary—the military costs to such states to a level which they are unwilling to pay.

The raid on Libya was in part intended to raise the costs to Libya of supporting terrorism. The withdrawal of our ambassador to Syria in the aftermath of proven official Syrian complicity in the attempted bombing of an El Al

747 in London demonstrated to Syria that we will not conduct business as usual with states that use terrorism as a foreign policy tool.

Over the past year, there has been a growing political consensus among European governments that more has to be done to show states that supporting terrorism is unacceptable to the international community. In the late spring, members of the European Community imposed sanctions on Libya for its support of terrorism. Then West European governments expelled more than 100 so-called Libyan diplomats and businessmen. This heavy blow to Libya's terrorist infrastructure in Europe, combined with the tightened security measures at airports and elsewhere, undoubtedly played a role in sharply reducing Libyan-related terrorist incidents after May. In the fall, the Europeans announced a series of economic, political, diplomatic, and security-related measures against Syria.

We regard terrorists as criminals. They commit criminal acts. And this brings us to the third element of our strategy: our effort to find and implement practical measures to identify, apprehend, and punish terrorists. These measures involve improving cooperation among countries in intelligence, police, and law enforcement matters.

For example, we are finding ways to improve the collection and sharing of intelligence on terrorists. We are now working with key allies to develop agreed "lookout" lists of known or suspected terrorists. As terrorists are identified, we can begin to track them, especially as they attempt to cross international borders. Even democratic states can require detailed identification and conduct very thorough searches at border points. This is a terrorist vulnerability we are trying to exploit with some success.

We have also developed an aggressive program of cooperating with our friends and allies in the apprehension, prosecution, and punishment of terrorists. Over the past year, our cooperation has gotten closer, and we are seeing results. European courts have convicted and sentenced terrorists to long sentences. Attitudes among political leaders are changing.

Aviation Security

I know this group is particularly concerned about the security of travelers. Well, so are we. At the recent Venice summit, the President joined other

leaders in resolving to "continue our efforts to improve the safety of travelers." The summit nations also decided to take joint action to suspend air services of any state that does not honor its international obligation to prosecute or extradite persons who commit any kind of terrorism against civil aviation. This agreement, known as the Bonn declaration, was previously valid only for hijacking offenses.

The United States is involved in a number of specific efforts to improve aviation security. For example, we are actively supporting a Canadian initiative to develop an international agreement outlawing attacks on airport facilities themselves, such as those which happened at Rome and Vienna in December 1985. In addition, we are negotiating new bilateral aviation security agreements with all nations which have a civil aviation relationship with us. So far we have reached agreement with some 30 countries, including major aviation nations such as the United Kingdom, Canada, and the U.S.S.R. These agreements commit each country to cooperate against terrorist attacks on civil aircraft and to observe the provisions of international conventions against aircraft hijacking and sabotage.

In 1985, following the TWA hijacking, the Congress passed and the President signed into law the International Security and Development Cooperation Act. The Department of State has been collaborating with the FAA in carrying out the provisions of this law, which include security assessments of foreign airports served by U.S. air carriers or from which foreign carriers fly directly to the United States.

All of these efforts are having some effect. There were only two international terrorist hijackings in all of 1986—the lowest number since we began tracking them 20 years ago. This is the true payoff for the prodigious efforts and dedication of the airline industry to secure the safety of its clients and employees.

Conclusion

In my many trips to Europe during the past year, both before and after the *Iran-contra* revelations, I have encountered no diminution of enthusiasm for working together to counter terrorism. There is a palpable sense of dedication among the intelligence, police, airport security, customs, and immigration officials involved in fighting the terrorist threat. I believe that this growing

cohesion in the world's democracies is having an effect, that we are in a position to carry out our strategy and reduce the level of terrorism around the world.

I cannot promise you a world free of terrorism. History makes it clear that

the use of violence to intimidate others is not likely to disappear. What I do promise you is that we have a concrete plan for dealing with terrorism and that we are seeing some heartening results. ■

Security Council Calls for Cease-Fire in Iran-Iraq War

SECRETARY'S STATEMENT,
JULY 20, 1987¹

I have come here today for a compelling reason: to take part in the decisive action of the Security Council to bring to an end the devastating war between Iran and Iraq. This conflict should never have been started. It should not be permitted to continue. My government simply cannot see how the interests of either Iraq and Iran, or the international community, would be served by prolongation of this dangerous, destructive conflict.

September marks the eighth year of the war. The bloody fighting has now lasted longer than either the First or Second World Wars. It has taken an extraordinary toll in human life. More than a million people—civilians as well as military personnel—have been killed or wounded. Cities have been razed by artillery and aerial attack. Chemical weapons have been used, and they honor no distinctions between combatants and noncombatants, adding another gruesome element to the enormous human suffering.

The economic infrastructure of both countries has been laid waste. The conflict has frayed the social and cultural fabric that binds the Iraqi and Iranian peoples to their ways of life. Grievous damage has been done to the rich cultural legacies of both nations. Neither combatant can win this war; and both sides are destroying their most precious resource, their youth.

Despite years of bitter struggle, neither side can break the tense stalemate. Its continuation, and the danger of further escalation, threaten the wider international community. The conflict poses new and serious dangers to regional stability, to the welfare of nonbelligerent nations, and, indeed, to world peace. Witness the increasing number of attacks on international shipping in the gulf. Witness stepped-up terrorist attacks and other forms of aggression directed at nonbelligerent

states in the region. This widening threat must not be countenanced.

Too many have suffered; too much is at stake. In the name of humanity, in the interests of the belligerents and the nonbelligerent states of the region, in the name of world peace and security, the international community joins together today to say enough! Stop the war! Now!

The Security Council was designed to quell precisely this kind of conflict. The resolution to be passed today represents a forceful action by the international community to bring about an immediate cease-fire and establish a framework for peace. The Secretary General played a crucial role in catalyzing the unprecedented process that led to the proposed adoption of this resolution under the terms of Chapter VII of the UN Charter. He called upon the permanent members of the Security Council to shoulder their special responsibilities. This we have done; and the Council as a whole has functioned in the collegial spirit envisioned by the founders of the United Nations at its creation.

Through this binding resolution, the international community seeks systematically to create the framework for an equitable and lasting peace, with neither victor nor vanquished, without loss of territory by either of the combatants. The resolution is scrupulously even-handed. I, therefore, call upon the Governments of the Republic of Iraq and Islamic Republic of Iran to comply fully and immediately with its terms—in their own interests and in response to the clear mandate of the global community.

The resolution demands an immediate cease-fire, the discontinuance of all military actions, and the withdrawal of all forces to internationally recognized boundaries without delay. The resolution also initiates a healing process, calling for an early exchange of prisoners and for an international effort to assist in postwar reconstruction. The resolution confers a special responsibility on the Secretary General to help arrange for

the cease-fire and withdrawal, to dispatch an observer team to confirm and supervise the cease-fire, and to oversee implementation of other provisions of the resolution. Importantly, the resolution records the Council's decision to meet again to consider further steps to ensure compliance. First and foremost, the killing must stop. Immediately!

The resolution is being adopted pursuant to Articles 39 and 40 of Chapter VII, the UN Charter's most forceful provisions. Compliance is, therefore, mandatory under international law. The very adoption of this obligatory resolution is a historic step. Yet its adoption is only a start. Responsibility for compliance rests fundamentally with Iraq and Iran. The Secretary General, with support from members of this Council and all other members of the United Nations, will—we are confident—follow through with effective action to facilitate its implementation. President Reagan has assured the Secretary General of his personal help in the crucial weeks ahead. The U.S. Government is prepared to join with others in supporting him in his efforts.

My government is determined that this mandatory resolution not become an empty effort, casting doubt on the efficacy of the United Nations as an organization for peace. We hope and trust that today's decision will be honored. At the same time, we also support the decisive application of enforcement measures should either or both parties reject the call of this body.

The Governments of Iraq and Iran owe it to their people, to their children, and to the rest of the world to find a way to say "Yes," rather than "No" to this global injunction. If they say "Yes," many things are possible, including a UN role in helping maintain peace in the region. My government strongly supports such a role for the United Nations and other international efforts leading to a reduction in violence and the reestablishment of peace, stability, and good relations in this vital area of the world.

Let me also say a word about the views of my government toward the parties in the conflict. In the past, we have had serious differences with both Iraq and Iran. We now have good relations with Iraq. We have grave concerns about policies and practices of the Iranian Government outside its borders. While we respect the right of the Iranian people to determine their own form of government, the actions of the government in Tehran—including sup-

port of terrorist activities—are inimical to the interests of our country and citizens, as well as to other countries and their citizens. We remain ready and willing to discuss with Iran the serious problems which continue to divide us. A positive Iranian response to this resolution and an end to aggressive actions against other states and their citizens would do much to make possible a mutually beneficial bilateral relationship in the future.

In adopting this resolution, the international community has taken a bold stride forward. Together we must follow up on this action with other determined steps until our goals of peace and stability in the gulf have been secured. If ever there was a need for the Security Council and the United Nations to act, this is it. We have an opportunity to realize a primary purpose for which the UN system was created: to resolve a major breach of the peace that endangers the stability and economic well-being of our global community.

In conclusion, we support the resolution before us because it is our responsibility as a permanent member of the Security Council to seek peaceful solutions to violent conflicts. We support it because it addresses, fairly and comprehensively, the interests of *both* Iran and Iraq. This resolution is antiwar; and it is propeace. The war must stop. The healing must begin.

**SECURITY COUNCIL
RESOLUTION 598,
JULY 20, 1987²**

The Security Council,

Reaffirming its resolution 582 (1986),

Deeply concerned that, despite its calls for a cease-fire, the conflict between Iran and Iraq continues unabated, with further heavy loss of human life and material destruction,

Deploring the initiation and continuation of the conflict,

Deploring also the bombing of purely civilian population centres, attacks on neutral shipping or civilian aircraft, the violation of international humanitarian law and other laws of armed conflict and, in particular, the use of chemical weapons contrary to obligations under the 1925 Geneva Protocol,

Deeply concerned that further escalation and widening of the conflict may take place,

Determined to bring to an end all military actions between Iran and Iraq,

Convinced that a comprehensive, just, honourable and durable settlement should be achieved between Iran and Iraq,

Recalling the provisions of the Charter of the United Nations, and in particular the obligation of all Member States to settle their international disputes by peaceful means in such manner that international peace and security and justice are not endangered,

Determining that there exists a breach of the peace as regards the conflict between Iran and Iraq,

Acting under Articles 39 and 40 of the Charter of the United Nations,

1. *Demands* that, as a first step towards a negotiated settlement, Iran and Iraq observe an immediate cease-fire, discontinue all military actions on land, at sea and in the air and withdraw all forces to the internationally recognized boundaries without delay;

2. *Requests* the Secretary-General to dispatch a team of United Nations Observers to verify, confirm and supervise the cease-fire and withdrawal and further requests the Secretary-General to make the necessary arrangements in consultation with the Parties and to submit a report thereon to the Security Council;

3. *Urges* that prisoners-of-war be released and repatriated without delay after the cessation of active hostilities in accordance with the Third Geneva Convention of 12 August 1949;

4. *Calls upon* Iran and Iraq to co-operate with the Secretary-General in implementing this resolution and in mediation efforts to achieve a comprehensive, just and honourable settlement, acceptable to both sides, of all outstanding issues, in accordance with the principles contained in the Charter of the United Nations;

5. *Calls upon* all other States to exercise the utmost restraint and to refrain from any act which lead to further escalation and widening of the conflict, and thus to facilitate the implementation of the present resolution;

6. *Requests* the Secretary-General to explore, in consultation with Iran and Iraq, the question of entrusting an impartial body with inquiring into responsibility for the conflict and to report to the Security Council as soon as possible;

7. *Recognizes* the magnitude of the damage inflicted during the conflict and the need for reconstruction efforts, with appropriate international assistance, once the conflict is ended and, in this regard, requests the Secretary-General to assign a team of experts to study the question of reconstruction and to report to the Security Council;

8. *Further requests* the Secretary-General to examine, in consultation with Iran and Iraq and with other States of the region, measures to enhance the security and stability of the region;

9. *Requests* the Secretary-General to keep the Security Council informed on the implementation of this resolution;

10. *Decides* to meet again as necessary to consider further steps to ensure compliance with this resolution.

**PRESIDENT'S STATEMENT,
JULY 20, 1987³**

The UN Security Council has taken a historic step today toward ending the increasingly dangerous conflict between Iran and Iraq. The Security Council's firm action offers a rare opportunity for

UN Narcotics Conference Meets in Vienna

The International Conference on Drug Abuse and Illicit Trafficking was held in Vienna June 17-26, 1987. It was attended by representatives of 138 nations, as well as most international agencies and a large number of nongovernmental organizations concerned with the drug issue.

Following are a statement made in a plenary session by Attorney General Edwin Meese II, head of the U.S. delegation; a message from President Reagan to the conference; and the declaration of intent, which was adopted by consensus.

ATTORNEY GENERAL MEESE'S STATEMENT, JUNE 17, 1987

Today we are joined—government officials and private citizens—in our struggle against the evil which had preyed upon young people, devastated families, and threatened the well-being of nations worldwide. Drug abuse has plagued millions of people and threatens to enslave millions more. It is the great equalizer, victimizing rich and poor alike, male and female, making no distinction on the basis of skin color, language, or custom or even age. In fact, it is almost like the Massacre of the Innocents, in that haunting painting by Bruegel in this great city's Museum of Fine Arts.

But this international conference marks a turning point in the battle against illicit drugs. For the first time, important leaders from around the world are expressing a united commitment to international cooperation in this field. This timely conference puts the lie to the predictions of those who say that the world community of diverse nations cannot pursue common goals.

Our task is not easy. Drug traffickers have vast networks, profits, and arms at their disposal. They have no need to advertise their products, and they are able to gain access to villages, schoolyards, workplaces, and locker rooms. Even so, the drug lords do not have right on their side. They will inhabit the dark part of this earth, but one day, the light of justice will flush them out.

You have only to speak to the widow of Colombia's narcotics police director,

Jaime Ramirez, to know the burden that some must bear in the fight against drug trafficking. The fact that Ambassador Parejo from Colombia is here with us is testament to his courage and conviction is the face of evil. And the hundreds of wives and children of slain policemen and soldiers in Venezuela, Mexico, Thailand, Burma, Italy, the United States, and other countries can tell us in human terms about the high price the just must pay.

We are called upon today to commit ourselves to a higher good. At this historic conference, called in 1985 by Secretary General Perez de Cuellar, we have come together as the family of man to share our knowledge and pledge our will in the fight against drugs. This is a truly unifying cause which speaks to the best in all of us—to "the better angels of our nature," to borrow a phrase of one of our greatest Presidents, Abraham Lincoln.

We meet at a moment when the resources committed to the cause of combating drugs are growing at a steep rate. These resources include that indefinable but vital ingredient called political will. Let me express my country's particular respect for those nations that are being exploited economically and politically by the drug traffickers and, nonetheless, are fighting back. They know the meaning of "political will."

Our nations must work shoulder-to-shoulder to make certain that drug traffickers are welcome nowhere, that they have no hiding place—on land or sea.

At the same time, we must work to ensure that our children are strong enough to "say no to drugs, and yes to life." This message must begin early, when children are starting to make choices and learning the difference between right and wrong. This message has been translated into the six UN languages. It is a timeless and wise message.

I recently read an account of a young woman's journey into the world of drug abuse and back. In her own words she tells of what she had lost to drugs—her adolescence, her money, her job, independence and dignity. She writes:

a reduction of tensions and a just peace in this vital area of the world. We must not let the opportunity slip away.

We hope that both countries will comply with the Security Council's cease-fire and withdrawal order. Secretary General Perez de Cuellar will vigorously renew his mediation effort with the two governments. I have pledged to the Secretary General that the United States will spare no effort to support this process. I urge all members of the United Nations to join in using their influence with the belligerents to persuade them to bring an end to this tragic war.

None of us can afford continuation of this bloody and destructive conflict, now in its seventh year. Too many have suffered and died already; too many new dangers have been created by the recent escalation and spread of the war. That is why the United States has been so actively seeking peace. That is why there has been unprecedented recent cooperation among the members of the Security Council—cooperation which testifies not only to the increasing gravity of the problem but also to the strength of the international commitment to resolving it.

As we act to help transform the Security Council's mandatory resolution into reality, the United States will also stand by its commitments to the security and stability of its nonbelligerent friends in the region. In doing so, we seek simply to deter growing threats to vital U.S. and international interests and to hasten a just settlement of the Iran-Iraq war. Peace is our objective, not taking sides or provocation.

The Administration and the Congress both have examined the situation in the gulf very closely over the past several weeks. As we move ahead to defend our interests and enhance the chances for peace in that crucial region, it is essential that we try to work together. Not to do so would only undercut our diplomatic efforts, embolden our adversaries, and cast grave doubts upon the ability of the United States to conduct its foreign policy effectively and honor its commitments.

¹Press release 162 of July 21, 1987, and USUN press release 37.

²Unanimously adopted.

³Text from Weekly Compilation of Presidential Documents of July 27, 1987, and USUN press release 38 of July 21. ■

[After trying drugs] I thought a door had opened in my mind, a secret passage to the freedom of my imagination. In reality, an escape hatch had become affixed to my psyche—I would use it to avoid the pains and pressures I encountered in adolescence and throughout life. My private world of altered perceptions was an enjoyable playground for many years. But in the end, it all cost me more than I wanted to pay, cost me far more than the . . . dollars I spent through drug use: It cost me my ability to concentrate, to communicate, and to confront my feelings honestly. In time, I created a wasteland of lies out of the rich soil in which my values had been rooted. All that had been given to me in good faith, from material goods to trust and love, I eventually traded for drugs.

Those words by one of my countrymen have echoed all over the world by addicts trying to explain the mysterious pull that drugs have had on them. The drugs may be different, the circumstances varied, but the results are always the same: broken promises, broken families, broken lives—even death itself.

The toll that drugs exact on our societies extends beyond the individual victim. In a sense, all of us become victims, for the health and safety of each one of us is at risk when others use drugs. We become victims of the crimes that addicts commit to sustain their habit. Community values crumble, institutions weaken, and our governments must divert resources and attention to those problems of crime and corruption that invariably accompany drug production, trafficking, and abuse.

Narcoterrorism flourishes as terrorists and traffickers enter conspiracies of convenience. Drug production and trafficking also have prevented social and economic development, corrupting even whole societies through the tawdry promises of wealth through drugs.

The United States has learned about drugs the hard way. Our experience has taught us many lessons. The first is that drug control must be one of our highest priorities both as a government and as a people. Last September, President Reagan and First Lady Nancy Reagan addressed the people of the United States and asked for their cooperation in the fight against illicit drugs.

Mrs. Reagan's international campaign against drugs involved many First Ladies from around the world, including Mrs. Perez de Cuellar. She has said, "Each of us has to put our principles and consciences on the line—whether in social settings or in the workplace—to set forth solid standards and stick to them. There's no moral middle ground.

Indifference is not an option. We [must] create an outspoken intolerance for drug use."

Led by the President and the First Lady, our nation is striving to create a drug-free country. Our Federal, State, and local governments have joined together to work toward this goal, and the U.S. private sector has generously given its time and resources. Already there are signs of hopes that indicate more and more of my fellow citizens are getting the message that drugs threaten health and safety; indeed, that drugs can kill.

As the chairman of our National Drug Policy Board, I have the responsibility and the privilege of overseeing the formulation and execution of a national policy that aims to reduce both the supply of and demand for drugs and to do so with equal vigor. Through this board, we have been able to mobilize additional resources and direct our efforts in an effective, coordinated attack on both the demand and supply sides. We have carried on an aggressive program of investigation and prosecution of the traffickers. We have enhanced the interdiction of smuggling on our borders and a 50-State eradication program within our country. We have expanded our prevention and treatment capabilities.

Last year our Congress enacted historic legislation to implement the President's drug policy. In order to reduce demand for drugs, the Congress increased funding for prevention, treatment, and rehabilitation efforts.

At the same time, legislation also strengthened our hand in cutting the supply of drugs. Specifically it strengthened legal penalties for narcotics trafficking and closed legal loopholes that had been used by the drug traffickers to circumvent the law. It also outlawed and severely penalized certain methods used to launder illicit drug profits, to manufacture controlled substance analogs, and to distribute drug paraphernalia. And our lawmakers ensured that it is more difficult for convicted drug traffickers to hide or retain their ill-gotten profits.

Our asset forfeiture laws, which enable us to seize the property of drug merchants, represent one of our most effective weapons in fighting the illicit narcotics trade, for through their use, we can separate the traffickers from their money—their lifeline. We are vigorously pursuing drug traffickers and separating them from their profits through controls on money laundering and implementation of asset seizure.

The United States has pledged—and we are renewing our pledge—to work within the international community with other nations to eradicate the evil of drugs from our world. We seek to assist our friends and colleagues, around the globe, to stop illicit trafficking worldwide and to eradicate illicit narcotic crops, to help development programs that enable countries to break the habit of financial reliance on the drug trade, and to plan prevention and treatment programs.

The United Nations, under the leadership of Secretary General Perez de Cuellar, has taken important steps to protect our world from illegal narcotics.

This conference began as a dream and has become a reality. Many people worked hard to ensure that these sessions are a success, especially the Commission on Narcotics Drugs, and the UN secretariat for the conference under the able leadership of Mrs. Tamar Oppenheimer.

We are called to action in this fight against narcotics. But words are not enough. Throughout these sessions, and in our bilateral and multilateral discussions, we must seek ways to work together practically and effectively against this menace that threatens ourselves and our posterity.

Before us is the comprehensive multidisciplinary outline, which represents the first ever world plan of attack against drugs. It successfully incorporates the many essential elements of a balanced antidrug approach and challenges governments to further develop their own programs in this area. The United States believes this outline is a valuable addition to current international drug control doctrines, and we strongly support its adoption by consensus.

It is absolutely essential that nations work together to strike down this increasingly global threat. Successes already are evident. International control and monitoring of precursor and essential chemicals have led to the arrest of many traffickers. Joint operations across national boundaries involving maritime and customs services regularly interdict illegal drugs. These operations also provide valuable information to law enforcement agencies for use in extended investigations. Effective extradition and mutual legal assistance treaties exemplify how nations can cooperate within established systems of law to combat drug trafficking. As the Colombian Government courageously showed with the extradition of Carlos

Lehder, international legal cooperation can literally close the net on major drug traffickers.

On behalf of the United States, I today reaffirm our support for the draft convention against illicit trafficking in narcotic drugs and psychotropic substances. This important document has the potential to usher in a new era of international legal cooperation. My government believes it is critically important that the intergovernmental expert drafting group achieve observable progress, so that a plenipotentiary conference can be convened in 1988 in order to adopt the convention.

My colleague, Secretary of State George Shultz, has said on a number of occasions that drug trafficking is "the modern day version of piracy." This is a fitting metaphor, since pirates refused to acknowledge the sovereignty of states—pillaging, plundering, and terrorizing the civilized world. It is also apt since piracy was eventually eliminating through the force of international law that showed the pirates for what they were: criminals whose greed clouded their sense of right and wrong.

The pirates of earlier history are no different from the drug traffickers of today who are attempting to disrupt daily life and undermine institutions. But as nations join together, armed with sound international legal tools, drug traffickers will have nowhere to go—but prison.

The United States would also like to take this opportunity to express its support for the activities of the UN drug control bodies—the UN Fund for Drug Abuse Control (UNFDAC), the Division on Narcotic Drugs (DND), and the International Narcotics Control Board (INCB). Under the outstanding leadership of Giuseppe di Gennaro, UNFDAC is an increasingly positive force in the field of international drug control. Its flexible approach in designing antidrug projects consistent with local conditions assists in the development of different models and techniques. UNFDAC has successful programs in many of the drug-producing areas of the world and presents the opportunity for farmers to engage in alternatives to narcotics.

These innovations are a valuable contribution to the international effort. My government urges all those represented here to continue to support the UNFDAC and, where feasible, to commit additional financial resources to ensure that the activities of the fund are sustained.

The Division on Narcotic Drugs and the International Narcotics Control Board deserve praise for their fine work

over the past months in the wake of severe financial constraints. The DND continues to support and design valuable programs and training in demand reduction, law enforcement techniques, and laboratory skills. Under the presidency of Betty Gough, the board enjoys an excellent and well-earned reputation for its expertise and diplomacy in the monitoring of the international drug control treaties. The United States appreciates the fine work of the board and its secretariat.

In closing, I would like to urge all delegations here today to work together to achieve consensus on the issues before us during the conference. My delegation is firmly committed to it. We must show the traffickers our unity of purpose. We are being called upon to eliminate the scourge of drug trafficking from this earth, a task we cannot do separately but one which we can and must do together.

While we're here at this conference, let's remember to take a look around this city. Here you will find great monuments to all the noblest aspirations of mankind: the Stephansdom and other beautiful churches that testify to man's faith in God; the Hofburg, with all its great art; the Staatsoper, home of such great music. And think about this: drugs are the antithesis to these things and to everything like them throughout the world. The poor soul who turns to drugs turns in on himself, into an unreal world, implicitly despising other people and all that is best in himself. A culture plagued with drugs cannot produce the Stephansdom, the Hofburg, or the Staatsoper; neither can it give the world a Mozart, Strauss, or Schubert. The fight against drugs is the fight for civilization, as well as the fight for each individual who might otherwise get caught in the drug world.

As with the fight against terrorism, so it is with the battle against drugs. Success in combating these international problems depends upon political leadership, specifically upon the willingness of political leaders to move their countries to take determined action. This conference is important because it brings together officials of a high level who are ready to commit their resources and pledge their wills in the global drug battle. When the nations of the world have joined together in the past to address a particular problem, they have enjoyed success. In the cause for which we are gathered, we can do no less.

PRESIDENT'S MESSAGE. JUNE 15, 1987

I welcome this opportunity to extend greetings to everyone taking part in the International Conference on Drug Abuse and Illicit Trafficking. I join the representatives of the many states attending, as well as the nongovernmental organizations and other international groups concerned with the drug issue and who gathered in Vienna, in expressing my support for the important work of this world conference.

The problem of drug abuse and drug trafficking knows no borders and is a cancer threatening every nation. Wherever it manifests itself, it breeds organized crime, depletes vital governmental resources, and, most disturbingly, saps the energy and ambition of youth.

The United States is actively promoting international cooperation to combat the drug problem, and we are working at home to stop drug abuse among our citizens. Last September, Nancy and I called on all Americans to join us in confronting this scourge. We established six priorities for a drug-free America: drug-free workplaces, drug-free schools, expanded drug abuse treatment and rehabilitation, strengthened law enforcement, increased public awareness, and improved international cooperation. We also proposed, and the U.S. Congress approved, legislation to provide the resources and legal authority needed to support these goals.

I am particularly proud of Nancy's tireless personal campaign to stimulate public awareness about drug abuse and to persuade America's youth to "Just Say No" to drugs. As you know, she has hosted two First Ladies Conferences, and now First Ladies from around the world have joined in this "mother-to-mother" campaign to create a drug-free world. She was very pleased to participate with Mrs. Perez de Cuellar and a number of First Ladies in the production of a special film on drug abuse that, I understand, will be shown at the conference.

While we are making progress, much remains to be done. It will require an all-out international effort to win the battle against illegal drugs and drug abuse. That's why this conference is so encouraging and so important—it presents an excellent opportunity for the nations of the world to build cooperation and plan effective strategies and tactics. It won't be easy. The alternative, however, is the continued internal decay of our societies.

Let me assure you that our delegation to the conference carries the commitment of the people of the United States to the international fight to eliminate illegal drug trafficking and drug abuse. Nancy joins me in sending all of you our best wishes and fervent hopes for a productive and successful conference. God bless you.

RONALD REAGAN

DECLARATION OF INTENT, JUNE 26, 1987

We, the States participating in the International Conference on Drug Abuse and Illicit Trafficking,

Believing in human dignity and the legitimate aspiration of human-kind for a decent life with moral, humanitarian and spiritual values in a healthy, safe environment,

Concerned at the human suffering, loss of life, social disruption, especially the effect on youth who are the wealth of nations, brought about by drug abuse worldwide,

Aware of its effects on States' economic, social, political and cultural structures, and its threat to their sovereignty and security

- Commit ourselves to vigorous international actions against drug abuse and illicit trafficking as an important goal of our policies,

- Express our determination to strengthen action and co-operation at the national, regional and international levels towards the goal of an international society free of drug abuse,

- Strive for the universal accession to the 1961 Single Convention on Narcotic Drugs or this Convention as amended by the 1972 Protocol and to the 1971 Convention on Psychotropic Substances and their strict implementation as well as the completion and adoption of the draft Convention against Illicit Trafficking in Narcotic Drugs and Psychotropic Substances at the earliest possible date.

Agree on the following:

1. We express our determination to pursue the goals we have set for ourselves at various levels of government towards combating this scourge and to adopt urgent measures to strengthen international co-operation through a balanced, comprehensive and multidisciplinary approach. In this regard, we emphasize the pivotal role of governments in developing appropriate national strategies within which such measures could be implemented.

2. In evolving effective action against drug abuse, illicit production and trafficking, we emphasize the need for the international community to adopt measures to treat all aspects and causes of the problem. To be effective, these measures must take into consideration the relevant social, economic and cultural factors and should be conducted in the context of States' policies in this regard. We recognize the collective responsibility of the States to provide appropriate resources for the elimination of illicit production, trafficking and drug abuse.

3. We affirm the importance of and the need for wider adherence to the 1961 Single Convention on Narcotic Drugs or this Convention as amended by the 1972 Protocol and to the 1971 Convention on Psychotropic Substances. We call for the urgent but careful preparation and finalization, taking into account the various aspects of illicit traf-

ficking, of the draft Convention Against Illicit Trafficking in Narcotic Drugs and Psychotropic Substances to ensure its entry into force at the earliest possible date and to complement existing international instruments.

4. We recognize the important role of the United Nations system in the efforts to combat drug abuse and illicit trafficking, and in particular the role of the United Nations Secretary-General in facilitating co-ordination and interaction among Member States and within the United Nations system. We attach importance to the role of the United Nations Commission on Narcotic Drugs as the policy making body of the United Nations on drug control matters. We commend the positive action carried out by the Division of Narcotic Drugs, the International Narcotics Control Board and the United Nations Funds for Drug Abuse Control, and we urge strong national and international support for the Fund so as to enable it to fulfill its mandate.

5. We recognize the constant, determined efforts of Governments at the national, regional and international levels to counter the escalating incidence of drug abuse and illicit trafficking and the growing link between drug trafficking and other forms of international organized criminal activities.

6. We also recognize and welcome the significant role played by non-governmental organizations in the drive against drug abuse, and urge that further initiatives be encouraged to strengthen the efforts made at the national as well as international levels.

7. We welcome the compilation of the Comprehensive Multidisciplinary Outline of Future Activities in Drug Abuse Control (CMO) as a compendium of possibilities for future action by all concerned.

8. Recognizing the magnitude and extent of the world-wide drug problem, we agree to intensify efforts against drug abuse and illicit trafficking. As an expression of our commitment, we also agree to promote inter-regional and international co-operation in:

- (a) Prevention and reduction of demand;
- (b) Control of supply;
- (c) Suppression of illicit trafficking; and
- (d) Treatment and rehabilitation.

For this purpose, we consider that the following, *inter alia*, should guide the development of our actions:

- (a) Prevention and reduction of demand

- (i) Develop methodologies and institute systems for assessing prevalence and trends of drug abuse on a comparable basis;

- (ii) Develop and implement the necessary measures to reduce drastically illicit demand through adequate techniques and programmes.

- (b) Control of supply

- (i) Encourage contributions from international financial institutions and governments, where possible, for the implementation of programmes and projects for integrated rural development activities including crop eradication/substitution schemes, and continue scientific research in related areas.

- (ii) Develop and implement the necessary procedures to eliminate the illicit supply of specific precursors and other materials necessary for the manufacture of narcotic drugs and psychotropic substances, and to prevent the diversion of pharmaceuticals to the illicit drug market.

- (c) Suppression of illicit trafficking

- (i) Develop bilateral and other instruments or arrangements for mutual legal assistance which might include among other things, if appropriate, extradition and tracing, freezing and forfeiture of assets, and for enhancing international legal or law enforcement cooperation in this field.

- (ii) Improve dissemination of information to national and international law enforcement bodies, especially concerning profiles and methods of operation of drug trafficking organizations and further develop international, financial, technical and operational cooperation in investigation and training for officers and prosecutors.

- (d) Treatment and rehabilitation

- (i) Develop, promote and evaluate effective treatment and rehabilitation techniques;

- (ii) Provide health professionals and primary health care workers with information and training concerning appropriate medical use of narcotic drugs and psychotropic substances.

9. We affirm our determination to continue our efforts and request the Secretary-General of the United Nations to keep under constant review the activities referred to in this Declaration and in the Comprehensive Multidisciplinary Outline. We request the Secretary-General of the United Nations to propose in the context of the United Nations programme and budget and within available resources how the priority attached to the field of drug abuse control can best be carried out. The Commission on Narcotic Drugs should examine the most suitable modalities for following up these activities as appropriate at the international level. ■

Latin America and the Caribbean: The Paths to Democracy

by Elliott Abrams

Address before the World Affairs Council in Washington, D.C., on June 30, 1987. Mr. Abrams is Assistant Secretary for Inter-American Affairs.

Events in Panama this month have highlighted a dilemma central to U.S. foreign policy. It is the challenge of how to support democratic change—not against the will of a closed communist dictatorship tied to the Soviet Union but with a friendly people with whom we have a record of cooperation and a base of common democratic values on which to build. This challenge creates a genuine dilemma because change in friendly countries may, in the short run, entail some risks—of instability, polarization, and uncertain relations with the United States. We know that. But we also know that the risks will become much larger—unacceptably large, in the long run—if there is no opening toward a democratic political order.

I want to speak today about this issue, not only in Panama but also in four other countries in this hemisphere—Chile and Haiti, Paraguay and Suriname—where the transition to democracy is in trouble or in doubt. I want to put to the side for a moment the very different problems of Nicaragua and Cuba and concentrate on states which do not define themselves as Soviet allies and which claim to adhere to our own democratic ideals. Since my 3½ years as Assistant Secretary for Human Rights and Humanitarian Affairs, this has seemed to me a central issue in U.S. foreign policy.

Panama: The Need for a Transition

I would like to begin with Panama, where the foremost public issue today is, quite simply, democracy.

Panama and the United States share deep historical ties and important commercial and strategic interests. The Panama Canal is the source of a unique relationship. In 1979, after many years of negotiations under four U.S. Presidents, the United States and Panama were able to reach agreement on two treaties that establish a 20-year blueprint to transfer the canal to Panama and which provide a regime for

its permanent neutral operation. The commitment of the United States—of our government, of both major parties, and, with them, of the American people—to those agreements is firm. The Panama Canal Treaties are in no way affected by this month's events in Panama.

What these events do affect is Panama's position in the growing community of democratic nations. The 1984 national elections, the first since 1968, suffered from glaring imperfections but seemed to help propel Panama into the flow toward democracy that is powerfully moving the hemisphere and, indeed, the world. But in 1985, Panama's civilian president was forced to resign. Constitutional procedures were followed, at least formally, and Panama remained an open society consistent with its position as a world crossroads. Nevertheless, the setback to democracy was real. This month's events are a second major setback.

There is no one model for democracy, and there is no one path all countries must follow to get there. Panama's solutions must be homegrown. But the resurgence of democracy in Latin America and throughout the world does more than inspire the many Panamanians now calling for their own democracy. It also establishes standards of freedom and tolerance that must be met if the outcome of a democratic transition is to earn the respect and support of democrats around the world.

The calls for democracy in Panama have already prompted some curious reactions. Fidel Castro's press has rallied to support the Panamanian military leaders against the people of Panama. Last week, Nicaragua's *Comandante* Daniel Ortega even went himself to Panama to praise the "brave and decisive" actions taken to repress opposition. I imagine everyone here saw that photo of General Noriega in happy comradeship with his Sandinista visitors. Praise from the communist dictators of Cuba and Nicaragua is a telling sign that Panama needs international democratic support.

The protests in Panama followed allegations of wrongdoing leveled by the former second-ranking military officer shortly after he was forcibly retired. The officer charged widespread corruption and involvement by the Panama Defense Forces (PDF) in electoral fraud in 1984

and in the 1985 murder of a prominent government opponent, Hugo Spadafora. These are not new accusations, but it is the first time they were made by a member of the Panama Defense Forces.

These charges touched a raw nerve. There were several days of demonstrations in Panama's major cities. Opposition activities were spearheaded by a group called the Civic Crusade, a coalition of business and civic groups, political parties, and the Catholic Church. At the height of the protest, the Civic Crusade called for the removal of the commander of the Panama Defense Forces; for immediate national elections; and for the military to get out of politics. The coalition urged nonviolent opposition to the government and called for a general strike; from the banging of the pots and pans to respecting that general strike, the people of Panama responded. Protests reached a peak by June 12; it was not until June 16 that the Civic Crusade announced suspension of the general strike.

On June 11, in response to these activities, the Panamanian Government imposed a nationwide state of emergency which suspended many constitutional guarantees. There were violent incidents, and hundreds of persons were arrested, most of them for a few hours or overnight. To protest government censorship rules, major opposition newspapers—traditionally vocal, outspoken, and irreverent in their criticism of the government—stopped printing. Until then, their ability to publish had helped keep Panama from being more widely perceived as a dictatorship.

After several days of unrest, business activity returned to normal. But one fundamental thing has not returned to normal. The old complacency inside and outside Panama over the inevitable dominance of the Panama Defense Forces in the nation's politics is gone. As Panama's Catholic archbishop described it, "This crisis really shook the country. If we simply close our eyes, we're going to have deeper and deeper rifts."

An extensive and previously underestimated political opposition has emerged, with the participation of the Catholic Church, a broad cross section of the business community and civic associations, and people from a wide economic and social spectrum. These newly active groups, together with the political parties already in opposition, will continue to press for democracy.

These events occur in a mixed context. In recent years, many nations of Latin America have worked hard to escape the classic cycle of unstable alter-

nation between civilian governments that lack the authority to govern and military governments that lack the legitimacy to last. While Panama's 1984 elections were its first direct elections for president in more than 16 years, the lack of sustained progress toward democratic rule has been a growing disappointment. The 1984 elections succeeded only partially in moving the country away from military dominance. Many Panamanians believed they had been manipulated to favor the regime's preferred candidate, Nicolas Ardito Barletta, who was an honorable man and a capable economist but inexperienced in politics. In 1985, even this tenuous democratization suffered a strong setback when President Barletta was pressured into resigning after reports that he intended to name an independent body to investigate the Spadafora murder. He was succeeded by Eric Arturo Delvalle, the civilian vice president.

Panama's human rights record has been a relatively even one. The 1985 murder of regime opponent Hugo Spadafora—a crime which, to our regret, remains unsolved—still stands out as an aberration, not as part of an established trend. Similarly, the recent limits on

press freedoms have been particularly disturbing because Panama has generally experienced substantial press freedom. This failing is especially disappointing in a country which has such close historical ties with the United States. Let me state flatly that we view the recent press censorship in Panama as utterly indefensible.

How can Panama move toward democracy? Panamanians alone can answer that question. But, as President Reagan has said, the United States can and must "foster the infrastructure of democracy—the system of a free press, unions, political parties, universities—which allows a people to choose their own way, to develop their own culture, to reconcile their own differences through peaceful means."

At this key moment in the history of Panama, we are making our views clear—in our private discussions with President Delvalle and General Noriega and in our public statements. Our starting point is that freedom of expression and an end to press censorship are essential prerequisites if the people of Panama are to resolve their problems by democratic means.

Demonstration Against U.S. Embassy in Panama

DEPARTMENT STATEMENT,
JULY 1, 1987¹

The United States is protesting in the strongest terms to the Government of Panama its unmistakable involvement in demonstrations yesterday which resulted in significant damage to U.S. diplomatic property and which put U.S. diplomatic personnel at risk. The Government of Panama clearly and purposely violated its obligation under international law to protect the U.S. Mission and its personnel.

It appears that the Government of Panama lifted the state of emergency yesterday, not for the purpose of restoring civil liberties to Panamanian citizens but, primarily in order to orchestrate a demonstration against the U.S. Embassy.

In particular, the United States regards the involvement of government ministers and the president of the government party in leading the demonstrations as totally unacceptable.

Panamanian security forces have protected the U.S. Embassy in the past, and we fully expected that the same protection would be rendered during yesterday's staged demonstration. In fact, however, police protection was withdrawn a short time before the crowds reached the embassy. It is clear, therefore, that a decision was made at the highest levels of the security forces not to protect the embassy.

Actions of this kind will have a significant and negative impact on relations between the United States and Panama. In view of yesterday's incident, we have decided to close the U.S. Consular Section and the USIS [U.S. Information Service] Library in Panama until the Government of Panama offers guarantees of appropriate protection.

¹ Read to news correspondents by Department spokesman Charles Redman. ■

Freedom of expression is, in turn, a critical step toward democratic reforms that will lead to free, fair, untarnished elections in which all political parties may participate. The timing of elections is a matter for the people of Panama themselves to decide, and we are and will remain impartial in the struggle among the candidates in those elections. But we are not neutral on democracy, and Panama needs to hold free elections to satisfy its people's demand for democracy.

We hope the lifting of the state of emergency and the end to censorship this morning will prove a step in this direction, and we congratulate the Government of Panama for this move.

In Panama, as in other troubled countries, there is a need for broad dialogue to discuss the grievances of the opposition. The calls for public information on the 1984 election and the Spadafora case are not irresponsible demands; they deserve a serious response.

A political dialogue could lead to consensus on holding of the next Panamanian elections. But the agreement to hold elections would only be the first step. A successful, fair election requires extensive civic education, registration of voters, and arrangements for election observers who can guarantee impartial counting of ballots. The hemisphere's move to democracy has accumulated much potentially helpful experience in these areas. The *Conciencia* group in Argentina is the most prominent example of grassroots action to support the electoral process. The Costa Rica-based Inter-American Center for Electoral Assistance and Promotion has made major contributions as an adviser to Caribbean and Central and South American governments.

In the long run, of course, democracy in Panama will depend on more than just elections, even regular and competitive elections. It will require changes in the relationships between the military and civilians. Civic organizations in Panama, and, indeed, many in the United States, should remember that the Panama Defense Forces have provided unique services in those rural sections of Panama often ignored by the urban elites. Its contributions to national security and rural development make the PDF a vitally important part of the fabric of Panamanian society. For their part, military leaders must remove their institution from politics, end any appearance of corruption, and modernize their forces to carry out their large and important military tasks in defense of the canal.

In this last endeavor, the Panamanian military can count on the support of the United States. Strict adherence to the canal treaties by both partners is a fundamental part of Panama's democratic future. Deep military involvement in politics neither supports civilian rule nor helps Panama fulfill its role as defender of the canal.

Over the years, the Panama Defense Forces have made substantial progress in these areas, and we are proud of the support provided to these ends by the United States. We look forward to the day when the Panamanian military has earned a new basis of respect—respect based on enhanced professional military capacity to guard national borders, defend the canal, and to continue to fight drug traffic and maintain public order; national respect based on the defense of a democracy which serves the hopes and aspirations of all of Panama's citizens.

Other Transitions in Trouble

Friendly countries other than Panama are also having their troubles in achieving the democratic transitions to which they are committed.

In Haiti, General Namphy's calendar for transition to democracy—intended to bring about the inauguration next February of a freely elected president after a generation of despotism—has hit an obstacle. At issue is the relationship between the government and the provisional electoral commission created by the new constitution adopted with strong popular support just last March. The impasse, which we hope will be promptly resolved, could put at risk the many accomplishments of the transition to date.

General Namphy's government has made a commitment to a successful democratic transition. Haitian democrats have invested a year and a half of hard work to make it happen. The integrity of the provisional election commission is the best guarantee of a result that the Haitian people will respect. Haitians, not Americans, must decide upon the proper balance. Fortunately, the government, the election commission, the political parties, the churches, and other responsible democratic bodies have all expressed a willingness to keep the process moving forward through dialogue and a spirit of common effort.

The vast majority of Haitians want democracy. And they want successful, well-prepared elections. In these objec-

tives, they have the unqualified support of the United States. Of that, no one should have any doubt.

The Haitian military did not seek, but has accepted, its responsibility to guide Haiti to free elections. To date it has fulfilled this responsibility admirably, and we congratulate them for their efforts and General Namphy for leading these efforts. But some, including some within the military and some representing the deposed clique, seek to manipulate events in a way that would return Haiti to the feudal form of government that existed under its Duvalier presidents-for-life. Just as no one should doubt our support for dialogue and democracy, no one should doubt our willingness to terminate aid to any government that abandons, thwarts, or prevents this transition to democracy. Our assistance to Haiti will continue, and will continue to enjoy bipartisan support, only as long as Haiti remains on the democratic path. We will do all we can to assist this transition to democracy and all we can to defeat the scheming by Duvalierists, Macoutes, and their henchmen to restore the old order.

In Suriname, the Bouterse regime has once again promised to restore democracy and respect human rights under pressure from rising popular discontent and a deteriorating economic situation.

We hope these promises are kept. However, the published constitution leaves open to the military more power and privilege than is consistent with the normal standards of democracy. The memory of the regime's cold-blooded murder of 15 prominent civic leaders in December 1982 inhibits the free expression of political views and a genuine debate of the future of the country. Most troubling today is the continuing brutality toward the Maroons or Bush people in Suriname's interior who are suspected of resisting the central government.

There are some positive signs that bear watching. The Government of Suriname has advanced the timetable for general elections to November 1987 and has invited the OAS [Organization of American States] to send observers to monitor the elections. We commend the Government of Suriname for these welcome moves.

We hope these steps bear fruit. We especially hope that the elections to be held in Suriname in November will be free of intimidation. For this to be the case, human rights violations of all kinds, including those against ethnic or racial minorities, must cease.

Our relationship with Suriname will depend on these two issues: democratization and human rights. The choices that the Government of Suriname makes on these issues will determine whether we and they can move to the kind of friendly relationship both countries would prefer.

In Paraguay, the give and take of democratic politics has been absent since Gen. Alfredo Stroessner took power in 1954. In more recent years, however, the examples of Paraguay's neighbors have led to calls for political reform and a democratic opening. Now in his

Situation in Haiti

DEPARTMENT STATEMENT, JULY 7, 1987¹

We are encouraged by recent signs that Haiti is quieting down and returning to the difficult but essential task of building democracy. The overwhelming majority of Haitians want elections to take place soon under the country's newly ratified constitution. For that to happen, a period of stability and constructive effort is required. The newly established Provisional Electoral Council has now succeeded in attaining its goal on full independence to organize the upcoming elections for local and national offices.

The National Council of Government has reiterated its firm commitment to all future steps of its transition calendar, leading to the inauguration of a new civilian president in February 1988. The Haitian Armed Forces have reaffirmed their allegiance to the constitution and their support for the Provisional Electoral Council.

The political groups that called for strikes have accomplished their goals. Nothing now stands in the way of holding the elections. Continued violence can only interfere with the chances of holding early and successful elections. As strong supporters of the transition to democracy in Haiti, we hope Haitians will turn their efforts away from re-priming and fix their sights on early elections as the only way to complete the transition to democracy and get the government they want in February of next year.

¹Read to news correspondents by Department spokesman Charles Redman. ■

seventh term as President, Stroessner has announced his intention to seek an eighth term that would begin in 1988.

We have been particularly critical of limits on freedom of the press and assembly. We have strongly protested the closing of Paraguay's independent newspaper, *ABC Color*, as well as restrictions or harassment of independent radio stations. We have urged the Paraguayan Government to create the conditions conducive to dialogue, free expression, and free association. At the same time, we have noted positive changes this year as some important exiles have returned to Paraguay, an independent labor confederation was allowed to hold a May Day rally, and the decades-old state of siege in Asuncion was allowed to expire.

We hope these developments are part of a trend and not isolated events. If they are a trend, the tensions which characterize our relations with Paraguay will begin to dissipate. We urge the Government of Paraguay to allow the people of that country to join in Latin America's democratic wave. Any other practice not only portends more tensions with the United States, but protests, divisions, and, ultimately, unrest in Paraguay itself.

In Chile, since the armed forces deposed the Marxist government of Salvador Allende in 1973, President Pinochet and his military colleagues have made repeated promises to return the country to civilian, democratic rule. Fourteen years of military rule later, Chile's democratic future is still very much in doubt.

Escalating polarization, armed conflict, severe repression, further international isolation—all are likely if the Chilean people's democratic aspirations remain blocked indefinitely. The new democracies among Chile's neighbors are already grappling with critical national problems such as military-civilian relations and achieving sustainable economic growth. Instability next door can only sap energies best directed elsewhere.

There is another dimension as well: Chile remains a special target for foreign Marxist-Leninists. The discovery last summer of massive quantities of terrorist arms, which U.S. experts determined were smuggled into Chile with the help of Cuba, has removed all reasonable doubt. The communists' strategy is long term. Their secret arsenals were stored in a way that made clear their design for future use. Chile's communists and their foreign backers are betting that Chilean

armed forces will not fulfill the promise to restore democracy, that President Pinochet will not step down when his current term ends in March 1989. They reason, and with some logic, that their strength and popular appeal will rise if the democratic opposition is unsuccessful in bringing about a transition through dialogue, as was sought by Chile's National Accord.

The Pinochet government has put into place a framework for an institutionalized transition to what it calls "a protected democracy." According to the controversial constitution adopted in 1980, no later than March 1989 there is to be a plebiscite on a presidential candidate selected by the military junta, which includes President Pinochet. If this candidate is not approved, open, competitive elections are to be held within a year.

Many within Chile have urged a constitutional change to replace this single-candidate plebiscite with the type of free, competitive election used in democracies to elect leaders. Some have urged selection of a consensus figure to lead the country back to democracy. President Pinochet has not announced his candidacy, but officials of his government have made clear that he is running.

Chile is, thus, approaching a crucial turning point. It could go either way, toward democracy or toward protracted confrontation, toward a government based on a popular consensus or toward the chaos that would accompany a government whose legitimacy is broadly questioned at home and abroad. Whether election or plebiscite, some test at the polls is set to occur, perhaps as early as September 1988.

What is clear now is that if the next Government of Chile is to have the legitimacy necessary to move the country to full democracy, it is essential that the electoral and political process in Chile be fair, honest, and transparent. The public must have access to views of peaceful political opponents of the Pinochet government through all means of communication, including television. As the Chilean Catholic Church recently made clear, the voter registration process, which has begun but is proceeding very slowly, needs the active support of all Chileans to ensure broad participation in the critical choice Chileans will face.

What can we do to help? Recognizing that our leverage is limited—we provide no military and no developmental aid to Chile—we can still do a great deal to provide encouragement to those working for democracy. Although we are barred by Congress from providing training, we

can try to enhance contacts with the Chilean Armed Forces, who have the key role in a democratic transition. The Chilean military has a long and proud history of professionalism, which many would like to revive. We can continue to make clear, as we have, that the United States supports democracy and human rights in Chile. To be most effective, we need to tailor our actions to individual circumstances—and not to undercut those in Chile who are working toward a democratic outcome. This means endorsing and publicly supporting steps by the democratic opposition toward flexible and pragmatic positions—as in the National Accord. It also means speaking out against the violent communists and urging the government to agree to political dialogue and to curb human rights abuses, especially by prosecuting those responsible for human rights violations. We can translate these concerns into action, as we did by sponsoring and joining consensus on fair human rights resolutions on Chile in the UN Human Rights Commission in 1986 and 1987 and by continuing to withhold our support of international development bank lending to Chile.

Our goals are clear: it is our policy to support a transition to a fully functioning democracy in Chile as soon as possible.

A New Role for the Military

Since 1979, dictatorships or military regimes have been replaced by democratically elected governments in Ecuador, Peru, Bolivia, Argentina, Brazil, and Uruguay in South America and in El Salvador, Grenada, Guatemala and Honduras in the Caribbean Basin.

Without exception, the democratic leaders of these countries have enjoyed our support. They have had it at critical moments when they came under fire from the guerrillas of the communist left. They have had it at critical moments when the death squads of the right moved against civilian politicians. And they have had it at critical moments when some in their countries' own military establishments made the mistake of believing that order was possible without democracy or that the United States would countenance coups.

In all of the successful transitions to democracy, military leaders and institutions have made important contributions. In Brazil and in Uruguay, in El Salvador and in Guatemala, the military has played a leading role in seeking a new democratic relationship with civilian institutions.

In all of the countries I have discussed today, the military has a large role to play and a special choice to make. Their decision is of historic importance for their own institutions and for their countries.

They can decide to follow one kind of advice—the advice to “maintain order” or to “keep a strong hand”—by remaining in power or by designating a civilian government of their choice. In this case, as protectors of their own narrow interests and of one political faction, they would be not the guarantors of but the roadblock to national development.

This path is well traveled in Latin American history, and it has sometimes provided stability in the short run. Under today's circumstances, however, it cannot end internal pressures for democracy, and it certainly cannot be the basis of support from this hemisphere's democracies, including the United States.

The other decision the military can make is in favor of a true democratic opening. Because election results are unpredictable, this choice may appear to entail some risks. But this is short-sighted—free, regular, and open political competition is an essential asset in their nation's quest for security and development. A military establishment that leads the way to such a solution will be a truly national institution, protecting the nation as a whole in its exercise of political freedom. This is the best guarantor of long-term stability; it will earn the military the respect of its citizens and the support of the United States.

The civilian and military leaders of Panama, Haiti, Suriname, Paraguay, and Chile who are seeking democracy have our support. They have that support not because we seek to intervene in internal politics or because we are playing favorites. Quite the contrary—respect for human rights and for democratic procedures is the best guarantee of nonintervention and self-determination in the face of abuse and aggression from the communist world and the far left as well as the far right. And it is the only path to smooth, respectful, productive relations with the United States.

In the words of the National Bipartisan Commission on Central America, recent events have “destroyed the argument of the old dictators that a strong hand is essential to avoid anarchy and communism, and that order and progress can only be achieved through authoritarianism.”

Those who believe the United States will countenance disruption of the movement toward democracy, who believe we will accept self-appointed spokesmen for “order” against popular cries for democracy, misread both the Congress and the Administration. In this matter there is no partisanship, there are no divisions between legislative and executive; here, truly, politics stops at the waters' edge. ■

Cuba's Growing Crisis

by *Kenneth N. Skoug, Jr.*

Address at the University of Minnesota in Minneapolis on May 27, 1987. Mr. Skoug is Director of the Office of Cuban Affairs.

Thirty years ago, two remarkable revolutionary figures were struggling for existence in the Caribbean region. It was an era when the democratic ideals of the wartime and postwar period were challenging military dictators and oligarchical, tradition-based societies.

One of these individuals, Romulo Betancourt, was eluding the grasp of the Perez Jimenez dictatorship in Venezuela, a state which had known the rule of strongmen throughout most of its century and one-half of its existence. On January 23, 1958, with the help of progressive military officers, the regime in Caracas was overthrown and parliamentary democracy rapidly introduced. Betancourt was elected president, served a 5-year term, and then permanently left office, living modestly thereafter as a leader of the social democratic political party and as a symbol of limited, constitutional government until his death in 1981. His legacy has been six free elections, four peaceful transitions of the party in power, a military subordinate to civilian authority, an independent judiciary, freedom of the press and assembly, human rights, and the rule of law.

Betancourt's spirit lives on in Latin America today. Brazil's President Sarney told the UN General Assembly in September 1985 that Latin America's extraordinary effort to create a democratic order is the most stunning and moving political fact of recent years. There is, in fact, a trend running in that

direction. It stems from that legacy of the democratic pathbreakers of the 1950s and 1960s, like Betancourt, who demonstrated that freedom and self-government flourish after all on Latin American soil. The trend is notable in South America, Central America, and the Caribbean. It enjoys our enthusiastic support, even though we may and do strongly disagree with some of the views and policies of democratically elected leaders in Latin America, just as we must elsewhere.

The future of Latin America is today at the crossroads, pulling away from the past but not yet certain of the future. If the model of the future is Venezuela or the traditionally democratic Costa Rica, we will all be well served. Democratic societies tend to make good neighbors.

The Power of the Gun

The other chief revolutionary figure in the Caribbean 30 years ago was Fidel Castro in Cuba. Like Venezuela, Cuba then enjoyed a comparatively high economic and social level, akin to Argentina and Uruguay and well above that of the other states of the Caribbean or Central America. Its only experiment with political democracy had ended badly in 1952 with a military coup led by Fulgencio Batista, a military leader who, ironically, once had been the victor in democratic elections and had peacefully left office. Regrettably for the future course of history, Batista did not leave peacefully or permit free elections the second time around. He fled only when his authority vanished, leaving behind a political vacuum in Cuba. Almost all Cubans cheered his departure. Few Cubans and even fewer foreigners knew what was coming. The U.S. Government, which had embargoed military assistance to the Batista government early in 1958, also knew too little for too long. It saw no communist threat in Fidel Castro.

On January 1, 1959, Cuba lay at the feet of the revolutionary liberator whose own hallmark had been violence but who had pledged to restore democracy. He himself was still at the other end of the long island, in Santiago, where, prophetically, he told a crowd that night that they would not lack weapons, that there would be plenty of weapons, although he did not explain for what purpose the weapons would be needed. Prophetically, too, he told the women in the crowd that they would make fine soldiers. They did not know, nor did his countrymen know, that 6 months earlier he had pledged to lead a longer, larger

war against the United States, a war which he said would be his "true destiny." This was not hyperbole. It offers a key insight into the subsequent development of Cuba and U.S.-Cuban relations.

Since January 1, 1959, Fidel Castro has been the only leader Cuba has known, making his the third longest reign in Latin American history. There have, indeed, been plenty of weapons, weapons which self-styled Cuban "internationalists" have since carried to other countries and to other continents. If Venezuela is a model of sorts for the remainder of Latin America, Cuba has also been a model of another kind. The differences between the two models are multiple and fundamental. One of the most significant differences is the fact that Cuba has consistently engaged in stimulation and support of armed revolution aimed at the creation of like-minded societies. When opportunities have presented themselves, Cuba has moved swiftly to take advantage of them for both ideological and strategic purposes.

It was Mao Zedong, not Fidel Castro, who first observed that all power grows out of the barrel of a gun. Actually, this is, no doubt, a very old idea. But Castro has been a case study of the application of the thesis in practice. He was and is, first and foremost, a *caudillo*, a classic man on horseback, even if his military campaigns were Fabian in nature. Whatever support he may have enjoyed or may now enjoy in Cuba—and he is a charismatic leader, highly effective one on one or with multitudes—he has never put his legitimacy as ruler of Cuba to any other test than that of the gun. The way he himself described it in an interview with the Spanish news agency EFE on February 13, 1985, was as follows:

The secret of remaining in power is not to be found in constitutional mechanisms or electoral systems. . . . It is a matter of holding on to the support of the people, and if you have that, you can retain power without any mechanism.

Stalin, Franco, Porfirio Diaz, and Stroessner could have said the same. It is a theory for rationalizing any form of rule.

Once all the guns were silent in Cuba, except those of Mr. Castro's armed forces, it was a case of endorse his revolution or enjoy no rights at all. In a celebrated speech in June 1961, in the National Library of Havana, he declared:

Within the revolution, everything: against the revolution, nothing. . . . It is a fundamental principle of the revolution. Counterrevolutionaries, that is to say, enemies of the revolution, have no rights against the revolution because the revolution has a right: the right to exist, the right to develop and the right to be victorious.

The everything possible within the revolution has remained a figure of speech. There has been no free press, no free speech, no right of association, and, obviously, no free elections. But the other side of the coin was already only too apparent.

In Venezuela, Romulo Betancourt was building the rule of law. In Cuba, Fidel Castro ruled without restraint.

"Internationalism" and Force

Fidel Castro also asserted his right, later defined in Article 12(c) of the Cuban Constitution as the right and duty of the Cuban people, to support revolution in other countries. Given this premise, it is no surprise that Betancourt's Venezuela was an early target of revolutionary Cuba's efforts to depose by military force neighboring governments, whether ruled by military men or elected officials. Like Trotsky in revolutionary Petrograd, he tended to see Cuba surrounded by enemies to be deposed by force. Castro failed in Venezuela, as he did elsewhere with similar attempts in the 1960s to create a revolution on the model of his own conquest of power. But he did not abandon his goals. Castro has shaped his extraterritorial objectives into a foreign policy imperative. Alongside the complete transformation of Cuba itself, the Castro regime has always looked abroad for its fulfillment. Despite its lamentations of U.S. hostility, it has never been under any serious challenge from abroad. On the other hand, through its survival as a militant revolutionary entity—training, arming, advising, and abetting revolutionaries from and in other countries with material Soviet support—Cuba has become a regional power challenging the future of Latin America as a democratic order.

Under Fidel Castro, Cuba—a small nation of 10 million persons with no history of international prominence, except as an object of contention, but with a skilled and highly trained cadre—has become a powerful actor on the international stage, with a demonstrated capability of projecting military power within the hemisphere and beyond.

Under Castro, Cuba has practiced the sovereign alchemy of being both the foremost power among the so-called

nonaligned while, at the same time, being more closely aligned with the Soviet Union, militarily and strategically, than most members of the Warsaw Pact, providing services to the Soviet Union that its East European neighbors neither could nor would offer, and receiving a massive annual economy subsidy of well over \$4 billion that Moscow provides to no one else. At the same time, Cuba has dominated the Nonaligned Movement, as evidenced anew by its most recent meetings in Zimbabwe and Guyana, where Cuba's cadre provided the whole administrative network for the conference, frustrating efforts by truly nonaligned states to inhibit the anti-American nature of the exercise.

Cuba has long since become the Mecca for Latin American revolutionaries—a status which, however, might be increasingly challenged by Nicaragua, to which it has provided training, arms, advice, and support in conjunction with the Soviet Union. In turn, the revolutionaries regard Cuba as the blueprint for their own projected future.

At the same time, Cuba has asserted with increasing force a seemingly incompatible desire to be the leader of a Latin American bloc aimed at the United States. Without ceasing to maintain close and, as the cliché goes, fraternal ties with those seeking to replicate the Cuban internal system in other countries, Havana's envoys now cultivate influence with the newly democratic states of Latin America which Cuba formerly regarded as a ring of enemies. The Cubans have been successful, at times, in playing upon the fears of democratic leaders in Latin America, who hope that by establishing diplomatic relations with Cuba, they can confound their own domestic left and dissuade Cuba from stimulating or abetting violence in their own societies. Some may believe they can obtain more attention to their economic or social problems from the United States if they open the door to Cuba.

Paradoxically, Cuba has claimed to welcome trends toward greater democracy in Latin America, even though history has demonstrated that revolution from the left has succeeded more often against military dictators than against democracies. Yet in Cuba itself, even the effort to form legally another political movement has been a proven ticket to prison.

Cuba has long enjoyed flaying others for real or imaginary violations of human rights, but it has never permitted any *bona fide* outside scrutiny of its own

practices, which have become known instead through the testimony of those victims who have survived Cuban prisons and found their way from Cuba's shores. For an unconscionably long period of time, those Cuban practices were ignored by a world more impressed by the Castro mystique than it was interested in probing the reality. The situation at last appears to be changing.

Cuba under the Castro regime has become one of the chief propagandizing nations of the world. Havana broadcasts 245 hours weekly to Latin America, often with highly unflattering and not seldom provocative references to the governments of those states as well as favorable commentary from and about revolutionaries in those countries. It broadcasts 200 hours weekly to North America, primarily in Spanish. A main target is Puerto Rico, which Cuba has never forgiven for its choice of association with the United States. But Cuba reacted to the startup of U.S. broadcasting tailored to Cuba as if such broadcasting represented a gross violation of a supposed right to monopolize what the people of Cuba should see or hear about events affecting their lives. This event led Cuba, 2 years ago, to suspend a properly functioning bilateral agreement on migration that it had signed only 5 months before. The entire migration agreement had been negotiated well after the United States had acted to establish a Cuba service in the Voice of America. This service, called "Radio Marti," has met the test Congress set for it to broadcast objective news, commentary, and other information to the people of Cuba to promote the cause of freedom there.

The Road to Rectification

At the core of the Cuban model stands the assertion that it offers a superior system of economic development, one that should be imitated by other countries. It is sometimes argued on behalf of the Cuban revolution that the almost total deprivation of freedom for more than a quarter-century is justified by the economic and social progress that has allegedly occurred. The egalitarian nature, at least in appearance, of Cuban society is cited along with gains made in reducing differences in economic and social standards between urban and rural areas, between whites and blacks. Leaving aside the nonmonetary perquisites of the governing elite, such as access to automobiles, superior housing, and special goods, Cuba does contrast with much of Latin America in this respect.

However, the economic price of Cuban policy has been a stagnation rendered tolerable only by the remarkable willingness of Moscow to pay the cost. Cuba was a prosperous and relatively advanced society in 1959, with economic and social statistics that compared with the best in Latin America. Aside from its social ills and the unequal distribution of income, the economic shortcomings of pre-Castro Cuba were monoculture and dependence on trade with one country. The advantages were that the product it exported was wanted on the market and paid for in dollars. The Cuban revolution today is very far from having successfully transformed Cuba's economy. It has achieved a certain uniformity of consumption by the maintenance of a system of rationing that has largely disappeared elsewhere in the communist world. It has concentrated on producing teachers and doctors well in excess of Cuba's own needs. Castro recently conceded Cuba has 10,000 teachers too many, but it has fallen behind many other Latin American states in growth and income.

Cuba has remained a society of monoculture in a world where declining relative demand for that product and the spread of alternative suppliers has made sugar less valuable than production costs, were it not for the massive subsidy price paid by the U.S.S.R. What is more, Cuba, by its own choice, has been drawn ever deeper into the Soviet-led communist trading system. Cuba, which as recently as 12 years ago still had 40% of its trade with the West, is now unable even to pay the interest on its debt to Western suppliers, and only 10% of its trade is with the West. An investment journal late last year ranked Cuba 17th in the hemisphere as a credit risk. From this, thus, a growing reluctance by Western countries to loan to a government which is insisting Western trade partners loan it new money but which is now distinguished by having an unpayable debt to both East and West.

The Soviets, too, seem to assess Cuba's prospects pessimistically, judging by one Soviet scholar who ranked Cuba, 1 year ago, 20 on a scale where the Soviet Union would be 100 and East Germany 140. Even Mongolia ranked higher than Cuba in this assessment.

Almost all basic commodities are rationed in Cuba—even sugar, even beer. Cuba has received sharp criticism from the Soviet Union for its failure to meet trade commitments to satisfy the Cuban consumer. That Cuba is suffering from serious economic and social problems is also clear from the words of Fidel Castro

himself. He has frequently warned that future generations will suffer privation in Cuba. His so-called rectification campaign launched in February 1986—the conclusion of the Third Congress of the Communist Party of Cuba—has condemned economic conditions in Cuba. Unlike reform efforts in other communist countries, however, the Cuban leadership has stressed ideological revival. Castro has lambasted the waste, greed, and corruption he claims to see around him. Having found "vipers" in such limited institutions as the farmers' market and housing market, Castro abolished them and reestablished revolutionary enthusiasm and shame for alleged wrongdoers as the two poles for revitalizing Cuban society. "When it is decided to give up, abandon and scorn voluntary work, how can you ever make a communist out of this man?" he asked rhetorically. "When you corrupt a man and keep him thinking about salaries and money, how can you expect that this man will perform the greatest task of solidarity, which is internationalism?"

In the 29th year of the Castro era, Cuba features billboards proclaiming "With Fidel to the Year 2000." There is no good reason to doubt that the new century will see him at the helm in Havana, but there is also no reason to believe that the next 12 years will achieve for Cuba what the first 29 have not. Recently, a slogan appeared, quoting Castro: "Now let us really begin building socialism." The slogan quickly disappeared. Perhaps too many Cubans had inquired under what system they had spent the greater part of their lives. Twenty-nine years into the age of Castro, the leader's place in history and his control over Cuba are firm, indeed, but he does not rule over a happy society or a just one.

The Closest of Thorns

It is no revelation to say that Cuba, over the entire period of the Castro regime, has been a serious foreign policy problem for the United States. The introduction of a harsh dictatorial regime, always passionately and often provocatively hostile to the United States (even Cuba's diplomatic notes speak of "hatred" for the U.S. Government and its representatives), only 90 miles from our shores, came as a shock to the American people. Cuba still enjoys the lowest assessment of Americans in public opinion polls, an assessment that, judging by recent sampling, seems to be shared in other countries on the Caribbean littoral.

The causes for Cuba's unpopularity include the fact that Havana allied itself eagerly and wholeheartedly to the chief threat to the national security of the United States; that is has sought to undermine and, if possible, overthrow other governments in the hemisphere; that it has endeavored increasingly and at considerable cost to its own status to rally Third World countries against the United States and toward the Soviet Union; that it has tried to organize Latin America against the United States; and that it has imposed a regime on the Cuban people that has driven over 1 million Cubans to flee the country—frequently at the risk of their life and heavy punishment, if unsuccessful—while countless thousands of others have suffered the tragic fate the regime accords to those who are outside the revolution and have no rights at all. Incidentally, it is curious in light of the indignation which Cubans allegedly feel toward the United States—at least if Cuban propaganda is to be believed—that almost every Cuban leaving that country wishes to make his or her home in the United States.

As little as the United States likes the internal order in Cuba—and I intend to mention a few representative cases which illustrate the nature of that internal order—it is Cuba's unfriendly conduct in international affairs that lies at the heart of our differences. Cuba enjoys massive Soviet assistance—almost \$5 billion annually, counting military deliveries—because a hostile Cuba on our doorstep has been deemed by Moscow to serve its strategic interests. The U.S.S.R. gives this for strategic interests—no one else receives the same high level of Soviet aid. Cuba's self-appointed role is to be a thorn in the side of the United States, a safe haven for Soviet reconnaissance and intelligence activities directed against the United States, a linchpin between Latin American revolutionaries and Soviet power, and a close ally for Soviet policy in Africa.

But Cuba, which freely chose its association with Moscow and is now increasingly tied to the Soviet-East European economic order, is more a junior partner than a satellite in this symbiotic relationship. Although there was a time in the 1960s when the Soviets opposed Cuba's foreign policy adventurism, Cuba's effective use of force in Africa since the mid-1970s and its successful promotion of Cuban-style revolution in Central America since the late 1970s have resulted in a fundamental change: the Soviet Union has been ready to give

strong material and moral support to Cuban conduct in international affairs.

The Cuban-Soviet relationship is not trouble free. For their part, the Soviets need to worry lest the combative approach of Havana draw them into a conflict not of their choosing. Moreover, while the Cubans have paid obligatory lip service to some of Gorbachev's foreign policy initiatives, there are indications that when KGB Chief Chebrikov recently visited Havana to discuss Gorbachev's policies, he found a suspicious and unpersuaded Cuban leadership. The Soviets do not relish wasting their money and have tried to encourage greater productivity in Cuba, but Castro's rectification campaign, which seems to be the very antithesis of the material incentives long the vogue in Eastern Europe and subsequently endorsed by Moscow, may strike the Russians as singularly unlikely to achieve its objectives.

For Cuba, Soviet guarantees can never be sufficiently strong. The lesson of Grenada, where the U.S.S.R. reacted mildly to developments that stunned Havana, still rankles in Cuba. Nor is Soviet advice invariably welcome. Castro's celebrated refusal to attend the funeral of Konstantin Chernenko seems to have been a sign of the Cuban leader's pique, even though he stoutly denied it in his 1985 interview with Dan Rather, insisting that he was too busy. The only pale reflection of Gorbachev's *glasnost* in Cuba today is the incitement of the Cuban media to expose wrongdoers, relentlessly. Castro told the Cuban Journalists Congress last October:

We have to criticize strongly all those . . . who are responsible for this. . . . We have to criticize the workers and the groups and we have to call people by their names. No one can imagine the strength of shame.

Yet, in the final analysis, the Soviet-Cuban relationship is vital and highly advantageous to both parties. Castro could not be Castro if it were not for Soviet backing. While the Russians may sometimes bridle at his displays of independence, they are much too shrewd to think of jeopardizing such an asset. What the Soviets would like would be more Western financial and trade assistance to the Cubans, thereby reducing the economic burden on the U.S.S.R. without affecting the close and parallel world view which Moscow shares with Havana. The largest Cuban export for convertible currency is no longer Cuban sugar but Soviet oil; Cuba needs these dollars to buy from the West. But this oil could otherwise earn the U.S.S.R. badly needed dollars for its own purposes.

Cuba's African War

Cuba has pursued, at least since 1975, the foreign policy role of a major military power. It maintains 300,000 men and women in active or ready reserve status, the largest army in Latin America and the one with by far the most combat experience, almost all gathered far from home in the pursuit of "internationalism." In addition, there is a militia of more than 1 million, ready to fight a "war of all the people" in case the regulars and reservists are insufficient to defend Cuba. Cuba's schools, factories, and apartment buildings prominently display the sign "No one surrenders here." Cuba's forces overseas have the same orders. The fact that a number of Cubans surrendered on Grenada and lived to tell about it is the apparent cause for this slogan. Cubans are supposed to return from internationalist missions either victorious or not at all.

Cuba's biggest unfinished war showcase is Angola, where the Cubans remain engaged in a civil war 12 years after they went in to make sure the faction favored by them and the Soviets secured total control. Forty thousand Cuban soldiers are present, some performing combat roles as tankmen and helicopter gunship pilots. Whereas the United States has sought by diplomatic means to bring about Cuban withdrawal from Angola to promote internal reconciliation in that country as well as to get South Africa out of Namibia, the Cuban leadership appears to desire to stay indefinitely. Without even consulting the Angolan faction which Cuba supports, Fidel Castro announced on September 2, 1986, at the Nonaligned Movement summit in Harare, Zimbabwe, his decision "to maintain the troops in Angola so long as apartheid exists in South Africa." Thus, instead of putting to the test South Africa's pledge to leave Namibia as soon as the Cubans leave Angola, Castro has devised a new test to postpone indefinitely their departure.

Although it will not divulge the numbers, Cuba has suffered substantial loss of life in Angola. Resistance to this war may be growing in Cuba, where the realization that returning internationalists may bring disease in their wake is an additional cause of concern. On the other hand, Cuba derives hard currency from Angolan oil revenues, so the war represents little if any financial sacrifice by Cuba; nor would Castro relish the prospect of 40,000 soldiers joining the ranks of the underemployed in Cuba itself.

Destroyer and Unifier

In Latin America, Cuba follows a two-track policy, cultivating diplomatic relations in some cases and supporting armed revolution as Havana sees fit. Ironically, Cuba's own domestic difficulties have coincided with establishment of diplomatic relations with several South American countries, a result due more to the reestablishment of democracy in the latter than anything done by Cuba. At the same time as it establishes embassies in Montevideo and Brasilia—embassies bustling with Cuban visitors—however, Havana actively supports armed revolutionaries in Chile, where the discovery of massive arms caches along the Chilean coast illustrates the versatility of the Cuban fishing fleet in the southeast Pacific.

Cuba's attitude toward the two major Spanish-speaking countries on the Caribbean littoral, Colombia and Venezuela, is less clearly defined. Cuba has normal diplomatic relations with neither and has a long history of vigorous support to Colombian revolutionaries. The existence of diplomatic relations with other Andean countries has not deterred Havana from maintaining close ties with armed revolutionaries in Ecuador and Peru, whereas Cuba's approach to Bolivia is particularly ambivalent, seeking to upgrade diplomatic relations but highly critical of the Bolivian Government.

It is Central America, however, where Cuba currently sees its greatest opportunities, thanks to the successful monopolization of power in Managua by armed revolutionaries organized on the Cuban model. Fidel Castro, whose support to the Sandinista factions was nodal to their achieving success in the fight to take power, has described the policies being followed by Ortega and the *comandantes* as "perfect" and as ideal for other revolutionaries in the hemisphere. Cuba has been a training ground for revolutionaries in El Salvador, Guatemala, and Honduras, where the presence of elected governments has not affected the Cuban outlook. Havana gave a careful look at all the recently elected heads of state in Costa Rica, Honduras, and Guatemala to see if they might be helpful in promoting Cuba's prime objective in the region—the consolidation of the Nicaraguan regime—but it now appears to have decided that they failed Cuba's test. Cuba has provided consistent support to the Salvadoran guerrillas with a minimum objective of maintaining them as an armed opposition until the day when seizure of full power will be more feasible than at present.

In the Caribbean, where Cuba lost a particularly promising friend in the Bishop regime in late 1983, the Cubans have chosen to work quietly through sports and cultural contacts, trying to mend battered fences. Havana is particularly active in the Spanish-speaking islands: the Dominican Republic, which Cuba is carefully wooing, and Puerto Rico, where Cuba deals with a minuscule minority of *independentistas* as if they were the oppressed majority.

The Bilateral Agenda

The principal U.S. response to Cuba remains to try to keep Havana's options limited and to support friendly governments economically, politically, and militarily. While it is argued that Cuban hostility has not been touched by this policy, there has never been an iota of evidence that U.S. concessions would have altered Cuba's world view. Fidel Castro, in explaining why Cuba needs to devote so much of its energy to military purposes, has stated that even a Marxist-Leninist United States would pose a threat to Cuba and require Cuba to maintain the massive armed forces it has had for the past three decades. This is, perhaps, the clearest indication that Castro's sense of his own destiny has not changed since 1958 and that he still needs the United States as a necessary enemy and the Soviet Union as a utilitarian friend. After January 1, 1959, we could have had a different Cuba only by the direct application of armed force against the island, a policy which every U.S. Administration has resisted.

On the other hand, Cuba's propensity to use force in the pursuit of its own foreign policy objectives has been greatest when the United States has been distracted by other problems, such as a Berlin crisis or Vietnam, or when our capacity for presidential action has been weakened by domestic events such as Watergate. Firm and consistent U.S. policy has given Cuba pause, whereas vacillation and uncertainty have been exploited. The administration in Cuba never changes. Hence, the next Administration in Washington will face the same reality when it assesses Cuba's role in the region as a formidable military power aligned with the Soviet Union and actively promoting objectives hostile to our own interests.

There is also a smaller agenda with Cuba, which we share as neighbors. The United States has been ready to deal with these because it has believed there are better prospects for success than on

those issues where Cuba's sense of revolutionary mission is so prominent. In the past 5 years, on U.S. initiative, we have sought solutions to migration and refugee issues and to radio broadcasting interference. On the other hand, Cuba, with one partial exception, has been unresponsive to our initiatives. Only in the case of migration were we able to induce Havana to sign an agreement, one which committed the Cubans to take back 2,746 common criminals and mentally ill persons whom the Castro regime sent to our shores in 1980, mixed in with 125,000 persons fleeing the island. Although the agreement was implemented and signed in good faith, it was quickly suspended by Havana on wholly extraneous grounds—the startup of the Cuba service of the Voice of America, which had been known to Cuba long before the migration talks even began.

Cuba's suspension of the 1984 migration agreement on May 20, 1985, adversely affected the interests of thousands of persons in both countries and had negative consequences for Cuba as well. It sent bilateral relations on a downward spiral that has not yet been reversed. Acting on information that Cuba was prepared to restore the agreement, we met with a Cuban delegation last July in Mexico City, but it took only a short period to establish the fact that Havana wanted us to buy the migration agreement a second time at an unnegotiable price that involved putting up to 100 U.S. radio stations off the air so that Cuba could increase its own broadcasting to the United States.

Resumption of the migration agreement remains the key to any improvement in our bilateral relationship. While we cannot realistically expect any change on the major world issues, which stem from the fundamental approach of the Cuban leader, there is no good reason why an agreement which has been criticized by neither side cannot be put back into force. If that happened, other issues on the small agenda could also be considered in order of importance.

Human Rights

I could not conclude remarks devoted to Cuba without reference to the effect which the system in Cuba has had on the human beings who reside there. The regime has its supporters, of course, and Fidel Castro may have more, judging by the statements at the Communist Youth Congress last month, where one student seemed to reflect the mood of that body

when she said, "Why is it every time there is a problem anywhere—and we know some people are hiding the fact—we say, ah, comrades, if only Fidel knew. Poor Fidel. If he only knew." This is the view, at least, of someone with access to a microphone in a communist society.

There are many Cubans, however, who see problems and do not wonder if Fidel knows. They may even suspect he is the cause and not the solution. These persons lack any legitimate means of expressing their views, which would surely put them outside the revolution. There are also those whom the regime already knows and despises: the worms, the counterrevolutionaries, whose crime was or is to oppose the imposition by force or continuation of a system that unashamedly gives them no rights at all. Armando Valladares has described the fate of some of these persons all too well in *Against All Hope*. Arnold Radosh inquired in *The New York Times Book Review* why it had taken 25 years to find out the terrible reality of Cuba's political prisoners. Thanks to Valladares; thanks to the courage of persons still in Cuba like Ricardo Bofill, President of the Cuban Human Rights Committee; thanks to our own efforts in February of this year at the UN Human Rights Commission in Geneva, the world is learning about these persons. The more that is learned, the better it will be for the struggle for human rights in Cuba.

While there is no time to describe this issue in detail, I want to mention a few representative cases that illustrate the irony and the shame of the regime in Cuba.

Roberto Martin Perez. Perhaps the longest held political prisoner in the Americas; he was 25 when caught in August 1959, being infiltrated back to Cuba, and he has spent 28 years in prison, since 1979 incommunicado in the infamous Boniato Prison in eastern Cuba. In 1956, 3 years earlier, Fidel Castro had infiltrated into Cuba from Mexico after spending somewhat over 1 year in jail for organizing a bloody attack on his country's armed forces in 1953. History has absolved Fidel Castro, because in Cuba he decides what history shall mean, but it has not absolved those who rebelled against his tyranny.

Gustavo Arcos Bergnes. He fought at Castro's side in the attack on the Moncada and later was Cuban Ambassador to Belgium until 1965, when he was jailed for criticizing the revolution. After being imprisoned and released, he tried to leave Cuba to join his wife and a son in the United States who was semicomatose from an accident. He has been in jail since 1981, living in a 6- by 8-foot cell with his brother.

Elizardo Sanchez Santa Cruz. Vice President of the Cuban Human Rights Committee, arrested again in September 1986 for disclosing the arrest of colleagues to British and French journalists, who were immediately expelled from Cuba. A prisoner of conscience adopted by Amnesty International, he desperately needs medical attention which is denied him while he remains under interrogation.

Aramis Taboada. An attorney well-known in Cuba who defended five Cubans sentenced to death on January 25, 1983, by the Chamber of Crimes Against State Security of the Havana Principal Tribunal on grounds of "industrial sabotage." The five were among 33 persons seeking to found a trade union based on the concept of the Polish Solidarity in a country where one trade union is all that is permitted. The fate of the five was commuted to 30 years in prison, thanks in part to Taboada. After first denying that anyone was under arrest, the Central Organization of Cuban Trade Unions ultimately denounced the alleged "industrial saboteurs," asserting: "It is ridiculous to suppose that there is any group in Cuba that proposes to create a labor organization, even a local one. The workers themselves would make this impossible." Taboada was arrested in 1983 and died under mysterious conditions in 1985. After his arrest, the Minister of Justice, former President Dorticos, committed suicide.

Andres Solares. A civil engineer arrested November 5, 1981—and condemned to 8 years for the crime of "enemy propaganda." He wrote abortive letters to Senator Kennedy and French President Mitterrand asking for advice on how, legally and openly, to form a democratic political party to be called the Cuban Revolutionary Party. He was convicted of incitement against the socialist order and the socialist state and is presently serving his sentence. One leader; one party; one people.

There are hundreds of cases like the above. The number of political prisoners in Cuba, including those convicted of trying to leave the country illegally or refusing to register for military service, has never been disclosed by Cuban authorities, nor have they permitted independent organizations to review the situation in Cuba's prisons. We can only assume that there are several thousand such persons in Cuba today.

Several years ago, an official of the Cuban Interests Section in Washington told two U.S. officials that he was afraid Cuba would run out of political prisoners the United States wanted before Cuba really got anything in exchange. Whatever the assumptions about the United States that may have prompted this remark, which is cited by one of the U.S. officials present in a forthcoming article, it is erroneous to assume that Cuba can sell or trade its victims to the United States. We welcome these persons, and we are accepting as refugees former political prisoners and their immediate families as Cuba gives them permission to depart, but the Cubans must understand that it is in their own interest to change fundamentally the approach to society which has created this nightmare of persecution in Cuba. Unfortunately, there is still no sign that this will soon occur. Far from running out of political prisoners, the system creates them anew. Until Cuba recognizes that the way out of its crisis is not through new adjurations of orthodoxy but through recognition of the creative genius of the unfettered human conscience, Cuba will remain beyond rectification. ■

Current Actions

MULTILATERAL

Agriculture

International plant protection convention. Done at Rome Dec. 5, 1951. Entered into force Apr. 3, 1952; for the U.S. Aug. 18, 1972. TIAS 7465.

Adherence deposited: Belize, May 14, 1987.

Coffee

International coffee agreement, 1983, with annexes. Done at London Sept. 16, 1982. Entered into force provisionally Oct. 1, 1983; definitely Sept. 11, 1985. Notification of withdrawal: New Zealand, June 29, 1987.

Commodities—Common Fund

Agreement establishing the Common Fund for Commodities, with schedules. Done at Geneva June 27, 1980.¹

Signatures: Ivory Coast, July 15, 1987; U.S.S.R., July 14, 1987.

Conservation

Convention on wetlands of international importance especially as waterfowl habitat. Done at Ramsar Feb. 2, 1971. Entered into force Dec. 21, 1975; for the U.S. Dec. 18, 1986.

Signature: Gabon, Dec. 30, 1986.²

Ratification deposited: Belgium, Mar. 4, 1986.

Accessions deposited: France, Oct. 1, 1986; Mali, May 25, 1987; Mexico, July 4, 1986; Niger, Apr. 30, 1987.

Protocol to the convention of Feb. 2, 1971, on wetlands of international importance especially as waterfowl habitat. Adopted at Paris Dec. 3, 1982. Entered into force Oct. 1, 1986; for the U.S. Dec. 18, 1986.

Signatures: Gabon, Dec. 30, 1986; New Zealand, Feb. 9, 1987.²

Ratifications deposited: Bulgaria, Feb. 27, 1986; Iran, Apr. 29, 1986; Mexico, July 4, 1986.

Accessions deposited: Hungary, Aug. 28, 1986; Iceland, June 11, 1986; Morocco, Oct. 3, 1985; Spain, May 27, 1987; Tunisia, May 15, 1987.

Protocol additional to the Geneva conventions of Aug. 12, 1949 (TIAS 3362, 3363, 3364, 3365), and relating to the protection of victims of noninternational armed conflicts (Protocol II). Done at Geneva June 8, 1977. Entered into force Dec. 7, 1978.³

Ratifications deposited: Iceland, Apr. 10,

1987;^{7, 8} Netherlands, June 26, 1987.^{8, 9}

Notification of withdrawal of reservation to

Prot. I: Finland, Feb. 16, 1987.

Cultural Property

Statutes of the International Centre for the Study of the Preservation and Restoration of Cultural Property. Adopted at New Delhi Nov.—Dec. 1956, as amended at Rome Apr. 24, 1963, and Apr. 14–17, 1969. Entered into force May 10, 1958; for the U.S. Jan. 20, 1971. TIAS 7038.

Accession deposited: Greece, Mar. 17, 1987.

Fisheries

International convention for the conservation of Atlantic tunas. Done at Rio de Janeiro May 14, 1966. Entered into force Mar. 21, 1969. TIAS 6767.

Adherence deposited: Equatorial Guinea, May 13, 1987.

Treaty with Pacific Islands on fisheries, with annexes and agreed statement. Done at Port Moresby Apr. 2, 1987.¹

Ratifications deposited: Nauru, May 25, 1987; Papua New Guinea, May 1, 1987.

Judicial Procedure

Convention on civil aspects of international child abduction. Done at The Hague Oct. 25, 1980. Entered into force Dec. 1, 1983.³ Ratification deposited: Spain, June 16, 1987.⁴

Marine Pollution

International convention on the establishment of an international fund for compensation for oil pollution damage. Done at Brussels Dec. 18, 1971. Entered into force Oct. 16, 1978.³ Accession deposited: U.S.S.R., June 17, 1987.

Amendments to the convention of Dec. 29, 1972, on the prevention of marine pollution by dumping of wastes and other matter (TIAS 8165). Adopted at London Oct. 12, 1978.¹

Acceptances deposited: Italy, Apr. 30, 1984; Germany, Fed. Rep. of, May 29, 1987.⁵

Maritime Matters

Convention on the International Maritime Organization. Signed at Geneva Mar. 6, 1948. Entered into force Mar. 17, 1958.

Acceptance deposited: Bolivia, July 6, 1987.

International convention on tonnage measurement of ships, 1969, with annexes. Done at London June 23, 1969. Entered into force July 18, 1982; for the U.S. Feb. 10, 1983. TIAS 10490.

Acceptance deposited: Portugal, June 1, 1987.

International convention on standards of training, certification, and watchkeeping for seafarers, 1978. Done at London July 7, 1978. Entered into force Apr. 28, 1984.³ Accession deposited: Chile, June 9, 1987.⁶

Narcotic Drugs

Single convention on narcotic drugs. Done at New York Mar. 30, 1961. Entered into force Dec. 13, 1964; for the U.S. June 24, 1967. TIAS 6298.

Protocol amending the single convention on narcotic drugs. Done at Geneva Mar. 25, 1972. Entered into force Aug. 8, 1975. TIAS 8118.

Accession deposited: Nepal, June 29, 1987.

Ratification deposited: Liberia, Apr. 13, 1987.

Pollution

Protocol to the convention on long-range transboundary air pollution of Nov. 13, 1979 (TIAS 10541), concerning monitoring and evaluation of long-range transmission of air pollutants in Europe (EMEP), with annex. Done at Geneva Sept. 28, 1984.¹

Ratification deposited: Ireland, June 26, 1987.

Red Cross

Protocol additional to the Geneva conventions of Aug. 12, 1949 (TIAS 3362, 3363, 3364, 3365), and related to the protection of victims of international arms conflicts (Protocol I), with annexes. Done at Geneva June 8, 1977. Entered into force Dec. 7, 1978.³

Refugees

Protocol relating to the status of refugees. Done at New York Jan. 31, 1967. Entered into force Oct. 4, 1967; for the U.S. Nov. 1, 1968. TIAS 6577.

Accession deposited: Cape Verde, July 9, 1987.

Seabed Disarmament

Treaty on the prohibition of the emplacement of nuclear weapons and other weapons of mass destruction on the seabed and the ocean floor and in the subsoil thereof. Done at Washington, London, and Moscow Feb. 11, 1971. Entered into force May 18, 1972. TIAS 7337.

Accession deposited: Spain, July 15, 1987.

Terrorism

International convention against the taking of hostages. Done at New York Dec. 17, 1979. Entered into force June 3, 1983; for the U.S. Jan. 6, 1985.

Accession deposited: Belorussian S.S.R., July 1, 1987.

Trade—Textiles

Protocol extending arrangement of Dec. 20, 1973, regarding international trade in textiles (TIAS 7840). Done at Geneva July 31, 1986. Entered into force Aug. 1, 1986.

Ratification deposited: Yugoslavia, June 4, 1987.

Treaties

Vienna convention on the law of treaties between states and international organizations or between international organizations, with annex. Done at Vienna Mar. 21, 1986.¹ Signatures: Benin, June 24, 1987; Cyprus,

Korea, Rep. of, June 29, 1987; Malawi,

June 30, 1987; U.S., June 26, 1987.

Organizations: UN Food and Agriculture Organization, International Civil Aviation

Organization, International Telecommunication Union, June 29, 1987; International Maritime Organization, June 20, 1987; World Meteorological Organization, June 30, 1987.

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: Finland, Mar. 4, 1987.

BILATERAL

Bolivia

Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed by, or insured by the U.S. Government and its agencies, with annex. Signed at La Paz Mar. 27, 1987. Entered into force May 6, 1987.

Brazil

Agreement amending the agreement of Feb. 26, 1985, concerning trade in certain steel products. Effected by exchange of letters at Washington June 16-17, 1987. Entered into force June 17, 1987; effective Jan. 1, 1987.

Agreement relating to the employment of dependents of official government employees, with exchange of letters. Effected by exchange of notes at Brasilia July 8, 1987. Entered into force July 8, 1987.

Egypt

Third amendment to the grant agreement of Aug. 19, 1981 (TIAS 10242), for basic education. Signed at Cairo May 18, 1987. Entered into force May 18, 1987.

Grant agreement for commodity imports. Signed at Cairo June 25, 1987. Entered into force June 25, 1987.

Ghana

Agreement for sales of agricultural commodities. Signed at Accra June 15, 1987. Entered into force June 15, 1987.

Haiti

Agreement amending agreement of Sept. 26 and 30, 1986, relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of notes at Port-au-Prince June 9 and 23, 1987. Entered into force June 23, 1987.

Honduras

Project agreement for economic stabilization and recovery program II. Signed at Tegucigalpa June 19, 1987. Entered into force June 19, 1987.

Israel

Agreement for cooperation in basic energy sciences, with annex. Signed at Jerusalem May 27, 1987. Entered into force May 27, 1987.

Korea

Agreement amending and extending the agreement of July 26, 1982 (TIAS 10571), concerning fisheries off the coasts of the U.S. Effected by exchange of notes at Seoul May 11 and 20, 1987. Enters into force following written confirmation of the completion of the two countries' internal procedures.

Madagascar

Agreement relating to and amending the agreement of Sept. 27, 1985, for sales of agricultural commodities. Signed at Antananarivo June 10, 1987. Entered into force June 10, 1987.

Netherlands

Agreement on preinspection in respect of Aruba. Signed at Oranjestad June 16, 1987. Entered into force provisionally, June 16, 1987; definitively on a date to be determined in an exchange of notes indicating that all necessary internal procedure have been completed by both parties.

Niger

Project grant agreement for applied agriculture research. Signed at Niamey June 10, 1987. Entered into force June 10, 1987.

Norway

Memorandum of understanding concerning the provision of U.S. hospital prepositioned storage to support allied forces during operations in the Norwegian Sea and in Norway. Signed at London and Oslo Feb. 17 and Apr. 10, 1987. Entered into force Apr. 10, 1987.

St. Christopher and Nevis

Agreement concerning the status of U.S. Armed Forces personnel present in St. Christopher and Nevis. Effected by exchange of notes at St. John's and Basseterre Mar. 2 and June 9, 1987. Entered into force June 9, 1987.

Senegal

Agreement for sales of agricultural commodities. Signed at Dakar June 1, 1987. Entered into force June 1, 1987.

Sierra Leone

Agreement for the sale of agricultural commodities. Signed at Freetown June 10, 1987. Entered into force June 10, 1987.

Sweden

Agreement regarding mutual assistance in customs matters. Signed at Washington July 8, 1987. Enters into force 90 days after the parties notify one another that all necessary national legal requirements have been fulfilled.

Tunisia

Agreement relating to and amending the agreement of June 7, 1976, for sales of agricultural commodities, as amended (TIAS 8506). Signed at Tunis June 13, 1987. Entered into force June 13, 1987.

United Kingdom

Memorandum of understanding on the status of certain persons working for U.S. defense contractors in the U.K., with annex. Signed at Washington July 7, 1987. Entered into force July 7, 1987; effective for tax years beginning on or after April 6, 1987.

¹ Not in force.

² Definitive signature.

³ Not in force for U.S.

⁴ With designation.

⁵ Applicable to Berlin (West).

⁶ With reservation(s).

⁷ With reservation to Protocol I.

⁸ With declaration(s) regarding Protocol

⁹ Applicable to the Kingdom in Europe and the Netherlands Antilles and Aruba. ■

Department of State

Press releases may be obtained from the Office of Press Relations, Department of State, Washington, D.C. 20520.

No.	Date	Subject
	150	7/6 Shultz: arrival statement, Apia, June 22.
*151	7/6	Shultz: news briefing, Apia, June 22.
	152	7/6 Shultz: address on the occasion of receiving the Freedom Festival Award, Detroit, July 2.
*153	7/10	Charles E. Redman sworn in as Assistant Secretary for Public Affairs, June 29 (biographic data).

*154	7/10	Shultz, Fernandez: remarks after meeting with Ambassadors from Costa Rica, El Salvador, Guatemala, and Honduras.
*155	7/14	Shultz: address before the Hadassah 73d national convention, Baltimore, July 13.
*156	7/14	U.S., Switzerland sign new aviation agreement.
*157	7/15	Program for the official working visit to Washington, D.C., of British Prime Minister Thatcher, July 16-17.

- *158 7/15 Shultz: remarks on receiving the Henrietta Szold Award at the Hadassah 73rd national convention, Baltimore, July 13.
- *159 7/15 Maureen Reagan's trip to Africa, June 30-July 2.
- *160 7/20 Shultz: remarks at the joint first-day-issue of commemorative stamps for the bicentennial of the U.S.-Moroccan treaty of peace and friendship, July 17.
- 161 7/20 Shultz: remarks before the National League of POW/MIA Families' 18th annual meeting, July 18.
- 162 7/21 Shultz: statement in the UN Security Council, July 20.
- *163 7/21 Shultz: news conference, United Nations, July 20.
- 164 7/28 Travel advisories.
- *165 7/29 Program for the official working visit to Washington, D.C., of Gabonese President El Hadj Omar Bongo, July 30-Aug. 7.
- *166 7/30 Shultz: statement on the resignation of ACDA Director Kenneth Adelman.

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USUN

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No.	Date	Subject
1	1/13	Reagan: status of women ECOSOC.
*2	1/29	Barabba: population, ECOSOC.
*3	2/18	Morrison: scientific and technical affairs, Committee on the Peaceful Uses of Outer Space (COPUOS).
*4	2/19	Hodgkins: space applications program, COPUOS.
*5	2/20	Okun: South Africa, Security Council.
*6	2/23	Morrison: remote sensing, COPUOS.
*7	2/26	Nicogossian: life sciences and space medicines, COPUOS, Feb 25.
8	3/5	Walters: Cuba, 43d session of UN Commission on Human Rights, Geneva.
*9	3/12	Walters: budget, Subcommittee on Foreign Operations, Senate Appropriations Committee.

- *10 3/18 Rashkow: space, Legal Subcommittee, COPUOS.
- *11 3/19 Walters: statements on UN budget and administration, Senate Foreign Relations Committee.
- *12 3/30 Loving: Indian Ocean, UN *Ad Hoc* Committee on the Indian Ocean.
- *13 4/1 Walters: statements on budget, Subcommittee on Commerce, Justice, State, and Judiciary, Senate Appropriations Committee.
- *14 4/19 Walters: Namibia, Security Council.
- *15 3/31 Rashkow: space, Legal Subcommittee, COPUOS, Mar. 30.
- *16 4/1 Rashkow: space, Legal Subcommittee, COPUOS.
- *17 4/1 Hodgkins: space, Legal Subcommittee, COPUOS.
- *18 4/13 Walters' schedule on mission to Pacific.
- *19 4/21 Di Martino: children, UNICEF, Apr. 20.
- *20 4/23 Buczacki: Guam, Subcommittee on Small Territories, Committee IV.
- *21 5/4 Chacon: American Samoa, Subcommittee on Small Territories, Committee IV.
- *22 5/4 Noe: Virgin Islands, Subcommittee on Small Territories, Committee IV.
- *23 5/5 Byrne: Khmer refugees, Meeting of Donors to the Program of Humanitarian Assistance.
- *24 5/5 Byrne: narcotics, ECOSOC.
- *25 5/5 Hansen: arms control, UN Disarmament Commission
- *26 5/11 Byrne: trust territories, Trusteeship Council.
- *27 5/11 Reagan: women, ECOSOC.
- *28 5/19 Byrne: human rights, ECOSOC.
- *29 5/26 Brady: population, UN Fund for Population Activities.
- *30 5/29 King: disarmament, third special session, General Assembly.
- *31 6/3 Lowell: outer space, COPUOS.
- *32 6/4 Volgelgesang: development, UNDP Governing Council.
- *33 6/8 Hodgkins: UNISPACE-82, COPUOS

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Secretary Shultz

Peace, Friendship, and U.S.-Canada Relations, occasion of receiving the Freedom Festival Award, Detroit, July 2, 1987 (Current Policy #984).

Resolving the POW/MIA Issue, 18th annual meeting of the National League of POW/MIA families, July 18, 1987 (Current Policy #988).

Africa

U.S. Policy Toward Mozambique, Assistant Secretary Crocker, Subcommittee on Africa, Senate Foreign Relations Committee, June 14, 1987 (Current Policy #983).
Chad: U.S. Policy (GIST, July 1987)
Sub-Saharan Africa: U.S. Policy (GIST, July 1987)

Arms Control

Verification in an Age of Mobile Missiles, ACDA Director Adelman, The City Club, San Diego, June 26, 1987 (Current Policy #987).

Negotiations on Intermediate-Range Nuclear Forces, July 1987 (Special Report #167).

INF Negotiations (GIST, July 1987)

East Asia

Korea: New Beginnings, Assistant Secretary Sigur, Foreign Policy Association, New York City, July 21, 1987 (Current Policy #989).

Europe

U.S.-Soviet Relations: Testing Gorbachev's "New Thinking," Under Secretary Armacost, University of Virginia, Charlottesville, July 1, 1987 (Current Policy #985).

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Selected State Department Publications, July 1986-June 1987.

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U.S. Security Arrangements in the Persian Gulf, (GIST, July 1987)

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Terrorism and the Media, Ambassador Bremer, International Association of Airline Security Officers, June 25, 1987 (Current Policy #986).

United Nations

UN Children's Fund (GIST, July 1987)

Western Hemisphere

Cuba's Growing Crisis, Director Skoug,
University of Minnesota, Minneapolis,
May 27, 1987 (Current Policy #976).

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World Affairs Council, June 30, 1987 (Cur-
rent Policy #982). ■

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September 1987

Volume 87, No. 2126

Africa. U.S. National Interest and the Budget Crisis (Armacost)	43
Agriculture. International Agricultural Trade Reform (Reagan)	33
Arms Control	
Negotiations on Intermediate-Range Nuclear Forces	24
Verification in an Age of Mobile Missiles (Adelman)	27
Aviation. Terrorism and the Media (Bremer)	72
Cambodia. Resolving the POW/MIA Issue (Shultz)	18
Canada. Peace, Friendship, and U.S.-Canada Relations (Shultz)	16
Chad. Visit of Chad President (Habre, Reagan)	23
Chile. Latin America and the Caribbean: The Paths to Democracy (Abrams)	81
Congress	
Middle East Activities (Murphy)	45
Perspectives on U.S. Refugee Programs (Moore)	54
Report on Scientific and Technological Activities (message to the Congress)	61
Science and Technology Exchanges With the Soviet Union (Negroponte)	58
South Pacific Nuclear Free Zone (Roy, Soviet statement)	52
32d Report on Cyprus (message to the Congress)	42
U.S. Policy Toward Mozambique (Crocker)	19
Cuba. Cuba's Growing Crisis (Skoug)	85
Cyprus. 32d Report on Cyprus (message to the Congress)	42
Department & Foreign Service	
Perspectives on U.S. Refugee Programs (Moore)	54
President Meets With Foreign Intelligence Advisory Board (White House statement)	31
U.S. National Interest and the Budget Crisis (Armacost)	43
Economics	
Korea: New Beginnings (Sigur)	32
Peace, Friendship, and U.S.-Canada Relations (Shultz)	16
U.S. National Interest and the Budget Crisis (Armacost)	43
Energy. Problems of Assurance of Nuclear Supplies (McGoldrick)	48
Environment. U.S. Role in Wildlife Conservation (Negroponte)	34
Estonia. Baltic Freedom Day, 1987 (proclamation)	38
Food. Food Aid to Lebanon (Department statement)	47
Foreign Assistance. U.S. National Interest and the Budget Crisis (Armacost)	43
Haiti	
Latin America and the Caribbean: The Paths to Democracy (Abrams)	81
Situation in Haiti (Department statement)	83
Intelligence Operations. President Meets With Foreign Intelligence Advisory Board (White House statement)	31
Iran. Security Council Calls for Cease-Fire in Iran-Iraq War (Reagan, Shultz, text of resolution)	75
Iraq. Security Council Calls for Cease-Fire in Iran-Iraq War (Reagan, Shultz, text of resolution)	75
Korea. Korea: New Beginnings (Sigur)	32
Laos. Resolving the POW/MIA Issue (Shultz)	18
Latvia. Baltic Freedom Day, 1987 (proclamation)	38
Lebanon. Food Aid to Lebanon (Department statement)	47
Lithuania. Baltic Freedom Day, 1987 (proclamation)	38
Middle East	
Middle East Activities (Murphy)	45
U.S. National Interest and the Budget Crisis (Armacost)	43
U.S. Policy in the Persian Gulf (White House statement)	46
U.S.-Soviet Relations: Testing Gorbachev's "New Thinking" (Armacost)	36
Mozambique. U.S. Policy Toward Mozambique (Crocker)	19
Morocco. Long-Time Friends: Early U.S.-Moroccan Relations, 1777-78 (Wells)	1
Nepal	
Chronology of Relations Between the United States and Nepal, 1947-87 (Duncan)	63
Exchange of Letters on 40th Anniversary of U.S.-Nepal Relations (Birendra, Reagan)	67
Kingdom of Nepal	68
Narcotics. UN Narcotics Conference Meets in Vienna (Meese, Reagan, declaration of intent)	77
North Atlantic Treaty Organization	
Negotiations on Intermediate-Range Nuclear Forces	24
U.S. National Interest and the Budget Crisis (Armacost)	43
Nuclear Policy	
Problems of Assurance of Nuclear Supplies (McGoldrick)	48
South Pacific Nuclear Free Zone (Roy, Soviet statement)	52
Pacific. South Pacific Nuclear Free Zone (Roy, Soviet statement)	52
Panama	
Demonstration Against U.S. Embassy in Panama (Department statement)	82
Latin America and the Caribbean: The Paths to Democracy (Abrams)	81
Paraguay. Latin America and the Caribbean: The Paths to Democracy (Abrams)	81
Philippines. U.S. National Interest and the Budget Crisis (Armacost)	43
Presidential Documents	
Exchange of Letters on 40th Anniversary of U.S.-Nepal Relations (Birendra, Reagan)	67
International Agricultural Trade Reform	33
Report on Scientific and Technological Activities (message to the Congress)	61
Security Council Calls for Cease-Fire in Iran-Iraq War (Reagan, Shultz, text of resolution)	75
32d Report on Cyprus (message to the Congress)	42
UN Narcotics Conference Meets in Vienna (Meese, Reagan, declaration of intent)	77
Visit of Chad President (Habre, Reagan)	23
Visit of Prime Minister Thatcher (Reagan, Thatcher)	41
Publications	
Background Notes	94
Department of State	93
Refugees. Perspectives on U.S. Refugee Programs (Moore)	54
Science & Technology	
Report on Scientific and Technological Activities (message to the Congress)	61
Science and Technology Exchanges With the Soviet Union (Negroponte)	58
Suriname. Latin America and the Caribbean: The Paths to Democracy (Abrams)	81
Terrorism. Terrorism and the Media (Bremer)	72
Treaties. Current Actions	91
U.S.S.R.	
Negotiations on Intermediate-Range Nuclear Forces	24
President Meets With Foreign Intelligence Advisory Board (White House statement)	31
Science and Technology Exchanges With the Soviet Union (Negroponte)	58
South Pacific Nuclear Free Zone (Roy, Soviet statement)	52
U.S.-Soviet Relations: Testing Gorbachev's "New Thinking" (Armacost)	36
Verification in an Age of Mobile Missiles (Adelman)	27
United Kingdom. Visit of Prime Minister Thatcher (Reagan, Thatcher)	41
United Nations	
Security Council Calls for Cease-Fire in Iran-Iraq War (Reagan, Shultz, text of resolution)	75
UN Narcotics Conference Meets in Vienna (Meese, Reagan, declaration of intent)	77
U.S. Policy in the Persian Gulf (White House statement)	46
Vietnam. Resolving the POW/MIA Issue (Shultz)	18
<i>Name Index</i>	
Abrams, Elliott	81
Adelman, Kenneth L	27
Armacost, Michael H	36, 43
Birendra Bir Bikram Shah Dev	67
Bremer, L. Paul, III	72
Crocker, Chester A	19
Duncan, Evan M	63
Habre, Hissein	23
McGoldrick, Fred	48
Meese, Edwin III	77
Moore, Jonathan	54
Murphy, Richard W	45
Negroponte, John D	34, 58
Reagan, President	23, 33, 38, 41, 42, 61, 67, 75, 77
Roy, J. Stapleton	52
Shultz, Secretary	16, 18, 75
Sigur, Gaston J., Jr	32
Skoug, Kenneth N., Jr	85
Thatcher, Margaret	41
Wells, Sherrill Brown	1

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