

# Ronald Reagan Presidential Library Digital Library Collections

---

This is a PDF of a folder from our textual collections.

---

**Collection:** Executive Secretariat, NSC: Country File: Records

**Folder Title:**

Central American Commission-Kissinger Bipartisan  
Commission (01/21/1984-01/30/1984)

**Box:** RAC Box 27

---

To see more digitized collections visit:

<https://www.reaganlibrary.gov/archives/digitized-textual-material>

---

To see all Ronald Reagan Presidential Library Inventories, visit:

<https://www.reaganlibrary.gov/archives/white-house-inventories>

Contact a reference archivist at: [reagan.library@nara.gov](mailto:reagan.library@nara.gov)

Citation Guidelines: <https://reaganlibrary.gov/archives/research-support/citation-guide>

National Archives Catalogue: <https://catalog.archives.gov/>

BUCKLE UP, COLONY

NEWSSTANDS ONLY

ROMANCE FOR SAT. - ONLY JAN. 21-22

BY WILLIAM F. BOCKLEY, JR.

UNIVERSAL PRESS SYNDICATE

OR

*But Mr. Furlong  
(President should  
probably see this -  
very positive)  
Bob Sims*

CONCERNING THE KISSINGER COMMISSION REPORT ON CENTRAL AMERICA IN  
FIVE OBSERVATIONS:

1. BY THE TIME MR. FORD APPOINTED THE COMMISSION AND ASKED MR. KISSINGER TO SERVE AS ITS CHAIRMAN THE ATTITUDE OF THE DEMOCRATIC PARTY ON THE TROUBLES IN CENTRAL AMERICA WAS NOT BUT CONSOLIDATED. THERE HAD BEEN NO OFFICIAL POSITION PAPER ISSUED, BUT SEN. CHRISTOPHER DODD HAD SPOKEN UNDER THE AUSPICES OF HIS PARTY TO ANSWER PRESIDENT FORD'S SUMMONS TO REIGN THE CENTRAL AMERICAN PROBLEM AS A PART OF THE GEOPOLITICAL CHALLENGE OF AGGRESSIVE COMMUNISM.

EXACTLY WHAT MR. DODD SAID IS GREATLY FORGOTTEN, BUT THE OVERTONES REMAIN WITH US. HIS COUNSEL WAS, IN EFFECT, TO STAY OUT OF CENTRAL AMERICA EXCEPT TO SEND ECONOMIC AID THERE AND TO ENCOURAGE RECONCILIATION BETWEEN CONFLICTING PARTIES BY DEALING SIMULTANEOUSLY WITH BOTH. WHAT ONE MIGHT CALL THE DODD POSITION IS NOW DEAPORTED.

WHEN HENRY KISSINGER WENT DOWN THE ROSTER OF HIS COLLEAGUES ON THE EXECUTIVE COMMITTEE, HE WAS HEARD TO DEPLAIN, "BY JESUS, YOU ARE PROMPTED TO THINK BY THE VERY MENTION OF THE WORD 'POLITICIAN' IS CORRECT, DEGRADATION OR CONDESCENDING. BUT IT IS ALSO TRUE ABOUT SOME POLITICIANS THAT AT THE HEART, THEY ARE MOVED BY THE PATRIOTIC IMPERATIVE. THOSE ALTHOUGH ROBERT STRAUSS IS THE MOST DEMOCRATIC FIGURE IN THE COUNTRY PLEDGED TO ELIMINATE FORD FROM THIS EARTH HE RESONES A LITTLE PRIORITY TO THIS GOAL THAN HE DOES TO THE CONTAINMENT OF COMMUNISM IN THIS HEMISPHERE. ACCORDINGLY KISSINGER KNEW THAT IN DEALING WITH ROBERT STRAUSS' IDEOLOGY WOULD BEHOLD AND TAKE A BACK SEAT.

BUT THIS WAS NOT PREDICTABLE WITH OTHER DEMOCRATS ON THE COMMITTEE. THE LEGEND AT COLUMBIA UNIVERSITY IS THAT WHEN THE YOUTHERS DECIDED TO ELECT EISENHOWER AS THEIR NEXT PRESIDENT, THE EXECUTIVE SECRETARY BY MISTAKE HEALED DAUGHTY THROUGH THE INTENTION HAD BEEN TO COMMISSION MILTON, TOO LATE.

HOWEVER QUOTE WROTE WHO HE IT HAD BEEN INTENDED TO WIRE TO THE COMMISSION WHEN CARLOS DIAZ-ALEJANDRO, A PROFESSOR AT YALE, WAS APPOINTED - IT CAN'T BE AS THOUGH THERE ARE THAT MANY OTHER DIAZ-ALEJANDROS AROUND, RIGHT? HERE WAS A RELATIVELY OBEYANT PROFESSOR WHOSE ONLY PUBLICLY EXPRESSED SENTIMENTS ON POLITICS IN THE AREA HAD SOMETHING TO DO WITH HOW HE MIGHT TO BE NICER AND MORE UNDERSTANDING TOWARD CUBA.

AND THEN THERE WAS HENRY CISHNER, THE KNIGHT OF SAN ANTONIO, WHO IS THE NEWSPAPER-AMERICAN'S ONLY REMINDER THAT HE LOST THE BATTLE OF THE ALAMO. HENRY CISHNER IS A BRIGHT AND AMBITIOUS AND CHARMING POLITICIAN WHOSE TROPHY IS ABSOLUTELY TO EMBLEM SEAGARD LIBERALISM.

SOMETHING OF A DYING WISH THAT THE COMMISSION BE UNANIMOUSLY IN A PROPOSITION RESOLUTELY OPPOSING TO THE CURRENT DEVELOPMENT OF AMERICAN POLICY IN CENTRAL AMERICA. IT IS THAT THE PROBLEMS IN THAT TORTURED AREA OF THE EARTH AREN'T UNLIVED THE RESULT OF HUNGERY, UNEMPLOYMENT, DISEASE, OPPRESSION AND CORRUPTION. THESE FIGURES BUT THERE IS A CATALYTIC AGENT THAT TRANSFORMS THESE INTO MUCH MORE THAN THE SUM OF THEIR PARTS. IT IS MARXISM, TO GIVE THE CALLING CARD ITS FULL NAME, MARXISM-LENINISM AS DEFINED BY MOSCOW. IN SEARCH OF DISORIENTATION, DESIGNED TO IGNITE, REFLECT AND EVENTUALLY SWALLOW THE UNITED STATES OF AMERICA.

3. NO ONE SHOULD DOUBT THAT THE EXTRAORDINARY POWERS OF HENRY KISSINGER WERE NEEDED TO ORGANIZE THE COMMISSION TO THE POINT OF SIGNING A SINGLE DOCUMENT. ANYONE WHO QUESTIONED MR. KISSINGER'S PERSONAL SKILLS MIGHT AS WELL BELIEVED BY ADMITTING THE IMPERFECTION THAT RUBENS COULD PRINT OR CARAVAGGIO SPIN A TALE. SAY WHAT YOU WOULD ABOUT HENRY KISSINGER'S VIEW OF THE WORLD, BUT YOU WON'T SAY THAT HE IS LESS THAN A GENIUS IN HIS FIELD.

BUT HAVING SAID THAT, CREDIT ALSO NEEDS TO GO TO THE UNWARRANTABLY WHOSE DELEGATES, MEETING WITH THE COMMISSIONARY BEHAVIOR WITH SUCH CONSPICUOUS AND ARROGANT HOSTILITY TOWARD THE UNITED STATES THAT THE SUSPICION AROSE ALL BUT SERIOUSLY AMONG THE COMMISSIONERS WHETHER THERE WERE HIDDEN AGENTS HIRED BY RONALD REAGAN FROM NOW TO VOTE OR ORGANIZE AND UNAPPRECIABLE COMMUNISTS. THE COOPERATION OF THE SANDINISTAS IN PERSUADING THE COMMISSION THAT THE SANDINISTAS DENYED LIKE SANDINISTAS WAS ABSOLUTELY INDISPENSABLE.

4. MR. REAGAN IN EFFECT RECEIVING THE COMMISSION'S RECOMMENDATIONS WILL NOW RECOMMEND A PACKAGE OF ECONOMIC AND MILITARY AID TO THE RIGHT PARTIES. THE DEMOCRATS WHO OPPOSE THIS ARE ONLY THANKS TO THE COMMISSION. FROM THE DELEGATE JOHN FLINN TO THE CHAIRMAN OF ACCEPTABLE POLITICAL POSITION FOR THE DELEGATE JOHN FLINN AND THE POSITION OF THE SECOND-LEVEL TYPES WHO STAGE INTO THE UNLIVED AND TALK ABOUT NOW IT WAS SO WITH GEORGE WASHINGTON AND THE BOSTON TEA PARTY AS VERY MUCH MORE DIFFICULT THAN IT WAS BEFORE THE COMMISSION ISSUED ITS FINDINGS. FOR THIS THE WHOLE COUNTRY SENDS THE COMMISSION AND ITS CHAIRMAN A VOTE OF THANKS.

ONE IS ALWAYS IN DEBT

RECEIVED 25 JAN 84 16

TO MCFARLANE

FROM BROCK, W

DOCDATE 24 JAN 84 2



KEYWORDS CENTRAL AMERICA COMM CBI  
INTL TRADE

SUBJECT. BROCK RECOMS RE KISSINGER COMMIS & CBI / Jackson Plan

ACTION. PREPARE MEMO FOR MCFARLANE DUE: 31 JAN 84 STATUS S FILES

FOR ACTION

FOR CONCURRENCE

FOR INFO

NORTH

MENGES

RAYMOND

MCMINN

ROBINSON

COMMENTS

REF# LOG NSCIFID ( MR )

ACTION OFFICER (S) ASSIGNED ACTION REQUIRED DUE COPIES TO

MCFarlane

X

1/28

FOR signature

JAN 31 1984

mCFarlane

ON, WR, MC

DISPATCH HW. 1/81

W/ATTCH FILE (14) (c)

959

vml

**National Security Council  
The White House**

84 JAN 28 11:55

System # I

Package # 0757

	SEQUENCE TO	HAS SEEN	DISPOSITION
Bill Martin	1	WFM	
Bob Kimmitt	✓	K	
John Poindexter	3	[Signature]	
Wilma Hall	4	✓	
Bud McFarlane	5	M	A
Bob Kimmitt			
NSC Secretariat	6		D
Situation Room			

I = Information    **A = Action**    R = Retain    D = Dispatch    N = No further Action

cc: VP Meese Baker Deaver Other \_\_\_\_\_

COMMENTS                      Should be seen by: \_\_\_\_\_  
(Date/Time)

## THE WHITE HOUSE

WASHINGTON

January 31, 1984

MEMORANDUM FOR WILLIAM E. BROCK

FROM: ROBERT C. MCFARLANE *Bud*

SUBJECT: Implementing the Jackson Plan

Thank you for your memo of January 24. I agree with you that we must maintain our domestic, political, and private sector support for the CBI and not hurt the friendly Caribbean Island nations in implementing the Jackson Plan. To ensure that your concerns are appropriately addressed, I have passed them on to the task forces working on the legislation to implement the recommendations of the National Bipartisan Commission on Central America.

## MEMORANDUM

## NATIONAL SECURITY COUNCIL

January 27, 1984

ACTION

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: OLIVER L. NORTH

SUBJECT: Input for the Jackson Plan Legislation

At Tab A is a memo for you from Bill Brock expressing concern that we not, in implementing the Jackson Plan, damage the CBI.

Brock's comments are on the mark. I have taken the liberty of passing a copy of this to Al Keel for consideration in drafting the final version of the legislation. I have also sent the memo at Tab B to Tony Motley.

So that Ambassador Brock knows action has been taken, we propose that you send him the brief note at Tab I.

RECOMMENDATION

That you sign and forward the memo at Tab I to Ambassador Brock.

Approve  Disapprove

Constantine Menges is on sick leave  
Doug McMinn and Robinson not available

Walt Raymond Concur *WR*

## Attachments

- Tab I - McFarlane Memo to Brock
- Tab A - Brock Memo to McFarlane of January 24, 1984
- Tab B - North Memo to Motley

RECEIVED THE UNITED STATES TRADE REPRESENTATIVE  
WASHINGTON  
20506

84 JAN 24 P 6: 55

January 24, 1984

MEMORANDUM TO: Robert C. McFarlane

FROM: William E. Brock

SUBJECT: Preserving the Integrity of the Caribbean Basin Initiative

The National Security Council is considering interagency recommendations for responding to the Kissinger Commission Report. I am convinced that we would greatly enhance the economic and strategic value of our response to the Commission's proposals if we proceed in a manner which preserves the integrity of our "Caribbean Basin" policy.

On the economic side, the Kissinger Commission's proposals are strongly supportive of the approach the President has consistently pursued through the Caribbean Basin Initiative -- that is, a comprehensive development strategy, emphasizing incentives to the private sector (ours and theirs) to stimulate business activity, combined with an assistance program that encourages foreign government action to "liberate" the domestic economy from inefficient public sector involvement. The Commission endorses the CBI by name, but then summarily dismisses it as too gradualist, too limited in content to bring the rapid reversal in economic performance demanded by the Commission.

The Commission wants new action from the U.S. and other donors to immediately stabilize the financial picture for the Central American debtors; to substantially relieve the Central American governments of the budgetary burdens attendant to building (or rebuilding) the infrastructure necessary to support a prospering modern economy; and to further expand foreign trade opportunities and improve investment conditions. The specific measures recommended, even if only partially adopted, could unquestionably accelerate and broaden the positive effects of the CBI. Many of the recommendations bear a close resemblance to proposals given serious consideration in 1982 by the CBI Task Force which I chair. While these proposals were considered to be well-suited to the conceptual thrust of the CBI, they were not adopted due largely to domestic political and economic restraints.



Accordingly, supporters of the CBI would welcome action on many Commission proposals. This would include friends of the CBI in Congress, like Charles Percy and Sam Gibbons, and equally important, CBI activists from the private sector. Yet, these individuals and groups would be in an awkward position if the Administration now embarks on a campaign for purely Central American initiatives, which ignore the valid needs of the Caribbean island states.

Our legislative and diplomatic victories with the CBI might not have been won if the Initiative was confined to Central America. On the other hand, the costs of including the island states, both concrete (e.g., incremental aid) and non-quantifiable (e.g., the threat from island exports) were a relatively small burden on the CBI as a whole.

Finally, there are the island states themselves to consider. A Central American initiative could tip the scales so profoundly in favor of the isthmus as a site for new investment that the island states might feel compelled to renounce the private-sector led growth strategy of the CBI, and move back to public sector dominance of the economy. With this reversal would come a return to dependence on international financial largess, and the end of all hope for self-sustaining economies in the 1990's, as well as a perception among the islands of discrimination.

If we are to: 1) maintain political and private sector support domestically for the CBI; and 2) keep our Caribbean allies interested in private sector-led development, then any trade and investment proposals growing out of the Commission report should be implemented on a Caribbean Basin-wide basis. Other benefits, such as those dealing with finance, should, as appropriate, be available to the Caribbean islands, although not necessarily in the same proportion as for Central America.

80

NATIONAL SECURITY COUNCIL  
WASHINGTON, D.C. 20506

January 27, 1984

MEMORANDUM FOR AMBASSADOR ANTHONY MOTLEY

FROM: OLIVER L. NORTH

SUBJECT: Input for Jackson Plan Legislation

Please find attached a memo from Bill Brock, USTR, which raises concerns about the impact of the Jackson Plan legislation on the CBI. Bud has asked that I pass this to you and the task forces working on the legislation to ensure that Ambassador Brock's concerns are properly considered. I have also provided a copy to Al Keel for his legislative/legal folks who are working with yours.

Regret having missed your meeting this afternoon.

Attachment

Tab A - Brock Memo to McFarlane of January 24, 1984

9-

The National Security Council is considering interagency recommendations for responding to the Kissinger Commission Report. I am convinced that we would greatly enhance the economic and strategic value of our response to the Commission's proposals if we proceed in a manner which preserves the integrity of our "Caribbean Basin" policy.

On the economic side, the Kissinger Commission's proposals are strongly supportive of the approach the President has consistently pursued through the Caribbean Basin Initiative -- that is, a comprehensive development strategy, emphasizing incentives to the private sector (ours and theirs) to stimulate business activity, combined with an assistance program that encourages foreign government action to "liberate" the domestic economy from inefficient public sector involvement. The Commission endorses the CBI by name, but then summarily dismisses it as too gradualist, too limited in content to bring the rapid reversal in economic performance demanded by the Commission.

The Commission wants new action from the U.S. and other donors to immediately stabilize the financial picture for the Central American debtors; to substantially relieve the Central American governments of the budgetary burdens attendant to building (or rebuilding) the infrastructure necessary to support a prospering modern economy; and to further expand foreign trade opportunities and improve investment conditions. The specific measures recommended, even if only partially adopted, could unquestionably accelerate and broaden the positive effects of the CBI. Many of the recommendations bear a close resemblance to proposals given serious consideration in 1982 by the CBI Task Force which I chair. While these proposals were considered to be well-suited to the conceptual thrust of the CBI, they were not adopted due largely to domestic political and economic restraints.

RECEIVED 30 JAN 84 20

TO MCFARLANE

FROM ROBINSON

DOCDATE 30 JAN 84 10

KEYWORDS CENTRAL AMERICA COMM CENTRAL AMERICA ECONOMICS

SUBJECT. TECHNOLOGY FOR ECONOMIC DEVELOPMENT RE CENTRAL AMERICA / BIPARTISAN COMMIS RPT

ACTION: FOR DECISION DUE: 03 FEB 84 STATUS S FILES

FOR ACTION MCFARLANE

FOR CONCURRENCE

FOR INFO TYSON BEAL MCMINN LEVINE

COMMENTS

REF# LOG NSCIFID ( MR )

ACTION OFFICER (S)	ASSIGNED	ACTION REQUIRED	DUE	COPIES TO
Robinson	S 1/31	For Redo		
MCFARLANE	X 2/1	FOR DECISION		
Robinson	S 2/3	For Redo		
Mcfarlane	X 2/8	For Signature		
	C 2/10	Mcfarlane sqd memo		20, me, [unclear], [unclear], Index
DISPATCH	44w. 2/10			W/ATTCH FILE (1A) (c)

963

**National Security Council  
The White House**

JAN 30 6:20

System # \_\_\_\_\_  
Package # 0808

	SEQUENCE TO	HAS SEEN	DISPOSITION
Bill Martin	<u>1</u>	<u>WIM</u>	_____
Bob Kimmitt	<u>2</u>	<u>K</u>	_____
John Poindexter	_____	_____	_____
Wilma Hall	_____	_____	_____
Bud McFarlane	_____	_____	_____
Bob Kimmitt	_____	_____	_____
NSC Secretariat	_____	_____	_____
Situation Room	_____	_____	_____
<u>Robinson</u>	<u>3</u>	_____	<u>A 7</u>

I = Information    A = Action    R = Retain    D = Dispatch    N = No further Action

cc: VP    Meese    Baker    Deaver    Other \_\_\_\_\_  
Should be seen by: Robinson *Tab I should go to Shultz and McPherson*

COMMENTS  
I strongly concur with this package. <sup>(Date/Time)</sup> Early on I recommended that Los Alamos present their work to the Commission and they did and were very well received. Robinson has further refined the approach and turned it around quickly. As usual, NSC has the opportunity to strongly promote energy/mineral development. This is a winner of an idea. WIM

✓ CT  
965

National Security Council  
The White House

84 JAN 31 P 2: 43

System # I

Package # 0808

	SEQUENCE TO	HAS SEEN	DISPOSITION
Bill Martin	<u>1</u>	<u>WFK</u>	
Bob Kimmitt	<u>2</u>	<u>K</u>	
John Poindexter	<u>3</u>	<u>J</u>	
Wilma Hall			
Bud McFarlane			
Bob Kimmitt			
NSC Secretariat			
Situation Room			
<u>ROBINSON</u>	<u>4</u>		<u>A</u>

I = Information	A = Action	R = Retain	D = Dispatch	N = No further Action
-----------------	------------	------------	--------------	-----------------------

cc: VP Meese Baker Deaver Other \_\_\_\_\_

COMMENTS Should be seen by: \_\_\_\_\_  
(Date/Time)

*Roger,*  
*I like this idea very much but I*  
*don't think we should limit to Central*  
*America. It should include the Caribbean*  
*Basin. Why can't we do this outside the Jackson*  
*Plan?*

13

ml  
978

National Security Council  
The White House

84 FEB 8 P 1: 27

System # I  
Package # 0808

	SEQUENCE TO	HAS SEEN	DISPOSITION
Bill Martin	<u>1</u>		
Bob Kimmitt			
John Poindexter			
Wilma Hall	<u>2</u>		
Bud McFarlane		<u>M</u>	
Bob Kimmitt			
NSC Secretariat	<u>3</u>		
Situation Room			

FEB 10 1984

I = Information    A = Action    R = Retain    D = Dispatch    N = No further Action

cc: VP Meese Baker Deaver Other \_\_\_\_\_

Bud COMMENTS      Should be seen by: \_\_\_\_\_  
 This is a winning idea. Please note (Date/Time)  
 That we have a tight time schedule  
 to ensure that this is put into the final  
 legislative package. WM

## THE WHITE HOUSE

WASHINGTON

February 10, 1984

MEMORANDUM FOR THE HONORABLE GEORGE P. SHULTZ  
Secretary of State  
Department of State

THE HONORABLE DAVID STOCKMAN  
Director  
Office of Management and Budget

THE HONORABLE M. PETER McPHERSON  
Administrator  
Agency for International Development  
Department of State

SUBJECT: Economic Development in Central  
America -- Implementing the Bipartisan  
Commission Recommendations

I believe that one of the most effective methods of promoting economic development in Central America and the Caribbean is through the utilization of existing technology for the development of indigenous natural resources in the region. This approach is consistent with the goals and recommendations of the Bipartisan Commission Report (Tab B). Senator Domenici's staff has indicated a willingness to help move the legislation through Congress.

In order to ensure that this Administration is able to successfully meet this goal, I request that we insert language (Tab A) into the implementation plan to provide a basis for the establishment of an Americas Center for Technology (ACT).

Discussion. While the natural resource base in Central America and the Caribbean holds great economic promise, it remains largely undeveloped. Technical support by the US is essential to ensure that development.

-- Energy -- As the Bipartisan Report notes, the high cost of imported oil is causing a major balance of payments problem for the countries of Central America and the Caribbean. The region, however, has enormous, untapped geothermal resource potential. A substantial savings of foreign exchange and increased employment could result from new development. Honduras, for example, might save \$30-35 million by substituting geothermal energy for imported oil.

Although coal resources exist in the Central America, they tend to be of low quality and are generally located in thin



seams. Peat, however, appears to be abundant throughout the entire area. If developed, it could be substituted for coal in direct combustion or as a substitute feedstock for alcohol and other chemical production. As an added benefit, peat can also be used as a soil conditioner for farming. Hydro potential should also be examined.

-- Minerals -- The Caribbean Basin is rich in minerals. The USSR has developed Cuban mineral resources into a major source of foreign exchange for Havana (estimated at approximately \$2 billion annually). Although Honduras is the fourth largest producer of silver in the world, its mineral resources are neither well defined nor developed.

A comprehensive mineral survey should be completed in each country to define the resource base. Afterwards, the US private sector should be encouraged to help develop these mineral resources.

-- Americas Center for Technology (ACT) -- To demonstrate the President's commitment to the development of the region through the application of science and technology, an Americas Center for Technology should be created at the Los Alamos National Laboratory. Not only is Los Alamos one of our premier scientific establishments, it also has the highest proportion of Spanish speaking scientists of any national laboratory.

Los Alamos has already begun work on some of the proposed activities.

- o Recently, geothermal energy scientists from Panama, Costa Rica, El Salvador, Guatemala and other Latin American countries visited Los Alamos to discuss geothermal resource assessment and advanced geothermal technology concepts.

- o Los Alamos is evaluating indigenous geothermal energy resources with the government of St. Lucia and has met with officials of Dominica and Grenada to discuss starting projects within a few weeks on those islands.

- o Los Alamos has taken first steps toward an evaluation of the peat resources in Costa Rica. The peat sites in Belize have been visited and discussions have been held with officials of the Dominican Republic and Jamaica about their peat resources.

- o The Los Alamos National Laboratory is doing mineral assessments of St. Lucia and St. Vincent, and has held discussions with Costa Rica, Panama, El Salvador, Dominican Republic and Jamaica.

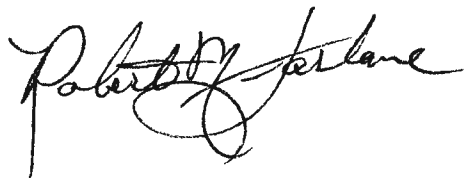
o Ongoing scientific and technical exchange continues with the Mexican Petroleum Institute and the Mexican Nuclear Institute.

o Los Alamos scientist have done: energy efficiency studies in Costa Rica, participated in the Organization of American States employment mission to Costa Rica and belong to the Latin American geothermal resource assessment team for OLADE (Latin American Energy Organization).

Technical support, joint research and development, and training by ACT could also be conducted at other national laboratories, universities, and within the private sector. The ACT would have a board of directors consisting of technically trained individuals from the countries of the region and the US private sector, universities and laboratories.

-- Communications -- The ACT at Los Alamos would be connected via satellite with technical centers throughout Central America. The satellite link would be used for computing, communications, and training. The receiver at Los Alamos would be hooked in to the U.S. communications system to allow work to be conducted across the U.S.

If funding became available in February, the program could begin on a limited basis this summer, with the communication link ready for a grand opening in the fall. We would envision the inauguration of ACT by the President in a joint satellite ceremony with the leaders of the region. Depending on satellite charges, the cost for this resource development and communications program would be some \$20-25 million per year, only a small proportion of the Commission's recommendation for an additional \$400 million in FY 84 and \$8 billion over the next five years.



## MEMORANDUM

## NATIONAL SECURITY COUNCIL

February 7, 1984

ACTION

MEMORANDUM FOR ROBERT C. McFARLANE

FROM: ROGER W. ROBINSON *RWR*

SIGNED

SUBJECT: Technology for Economic Development -- The  
Bipartisan Commission Report

Summary. A proposal for economic development in Central America through the application of existing technology received broad support within the Bipartisan Commission. Based on work already done at the Los Alamos National Laboratory, we could rapidly establish, at a very reasonable cost (\$20-25 million per year), an "Americas Center for Technology" (ACT) that would demonstrate the President's commitment to economic development in Central America and the Caribbean. To ensure rapid creation of ACT, we recommend inserting language (Tab A) in the implementing legislation, indicating that we believe such a body is called for under the recommendations of the Bipartisan Report. Attached at Tab B are the sections of the Bipartisan Report justifying the establishment of ACT and its objectives.

We have broadened the memo to include the Caribbean countries in addition to Central America at the suggestion of John Poindexter. We do, however, believe that ACT should be included in the "Jackson Plan" since there are no other suitable legislative vehicles under consideration. Senator Domenici's staff has indicated a willingness to help move the legislation through Congress.

State of Play. Enthusiasm for this proposal resulted in the inclusion of the attached language in an early draft of legislation for the Jackson Plan. That language was eliminated in a subsequent version, apparently at the request of AID. Al Keel and Ron Peterson at OMB are anxious to include ACT in the final version of the legislation which is being written today. In order to ensure the suggested language remains in the final draft of the legislation, it is essential that we officially inform AID and OMB of our interest in the proposal. Since the legislation is due on the Hill by early Wednesday morning, we are on a very tight time schedule.

11

Discussion. While the natural resource base in Central America and the Caribbean holds great economic promise, it remains largely undeveloped. Technical support by the US is essential to ensure that development.

-- Energy -- As the Bipartisan Report notes, the high cost of imported oil is causing a major balance of payments problem for the countries of Central America. Central America and the Lesser Antilles, however, have enormous, untapped geothermal resource potential (see Tab II). A substantial savings of foreign exchange and increased employment could result from new development. Honduras, for example, might save \$30-35 million per year by substituting geothermal energy for imported oil.

Although coal resources exist in Central America, they tend to be of low quality and are generally located in thin seams. Peat, however, appears to be abundant throughout the entire area (see Tab III). If developed, it could be substituted for coal in direct combustion or as a substitute feedstock for alcohol and other chemical production. As an added benefit, peat can also be used as a soil conditioner for farming. Hydro potential should also be examined and developed.

-- Minerals -- The Caribbean Basin is rich in minerals (see Tab IV). The USSR has developed Cuban mineral resources into a major source of foreign exchange for Havana (estimated at approximately \$2 billion annually). Although Honduras is the fourth largest producer of silver in the world, its mineral resources are neither well defined nor developed.

A comprehensive mineral survey should be completed in each country to define the resource base. Afterwards, the US private sector should be encouraged to help develop these mineral resources.

-- Americas Center for Technology (ACT) -- To demonstrate the President's commitment to the development of the region through the application of science and technology, an Americas Center for Technology could be created at the Los Alamos National Laboratory (Tab V). Not only is Los Alamos one of our premier scientific establishments, it also has the highest proportion of Spanish speaking scientists of any national laboratory.

Los Alamos has already begun work on some of the proposed activities.

o Recently, geothermal energy scientists from Panama, Costa Rica, El Salvador, Guatemala and other Latin American countries visited Los Alamos to discuss geothermal resource assessment and advanced geothermal technology concepts.

o Los Alamos is evaluating indigenous geothermal energy resources with the government of St. Lucia and has met with officials of Dominica and Grenada to discuss starting projects within a few weeks on those islands.

o Los Alamos has taken first steps toward an evaluation of the peat resources in Costa Rica. The peat sites in Belize have been visited and discussions have been held with officials of the Dominican Republic and Jamaica about their peat resources.

o The Los Alamos National Laboratory is doing mineral assessments of St. Lucia and St. Vincent, and has held discussions with Costa Rica, Panama, El Salvador, Dominican Republic and Jamaica.

o Ongoing scientific and technical exchange continues with the Mexican Petroleum Institute and the Mexican Nuclear Institute.

o Los Alamos scientist have done: energy efficiency studies in Costa Rica, participated in the Organization of American States employment mission to Costa Rica and belong to the Latin American geothermal resource assessment team for OLADE (Latin American Energy Organization).

Technical support, joint research and development, and training by ACT could also be conducted at other national laboratories, universities, and within the private sector. The ACT would have a board of directors consisting of technically trained individuals from the countries of the region and the US private sector, universities and laboratories.

-- Communications -- The ACT at Los Alamos would be connected via satellite with technical centers throughout Central America and the Caribbean. The satellite link would be used for computing, communications, and training. The receiver at Los Alamos would be hooked in to the U.S. communications system to allow work to be conducted across the U.S.

If funding became available in February, the program could begin on a limited basis this summer, with the communication link ready for a grand opening in the fall. I would envision the inauguration of ACT by the President, in a joint satellite ceremony with the leaders of the region.

Depending on satellite charges, the cost for this entire resource development and communications program would be some \$20-25 million per year, only a small proportion of the Commission's recommendation for an additional \$400 million in FY 84 and \$8 billion over the next five years. This is strongly endorsed by Senator Domenici's staff and they would work with us to move the legislation through the Hill.

Conclusions. For a relatively modest cost, we can achieve early concrete results demonstrating the President's positive commitment to Central American and Caribbean economic development. A televised satellite inaugural has the potential to produce some high profile press coverage for the President and his Central American initiatives.

Because of the speed with which the Jackson Plan is being drafted, we must move quickly to ensure that language is included in the proposed legislation.

Constantine Menges, Ollie North and Don Fortier concur with this proposal.

RECOMMENDATION:

That you approve the inclusion of wording in the Central American implementation legislation that will provide the basis for the creation of ACT by signing the attached memo to Secretary Shultz, M. Peter McPherson and David Stockman (Tab I).

Approve  Disapprove \_\_\_\_\_

Attachments

Tab I	Memo for McFarlane Signature
Tab A	Draft language for insertion
Tab B	Excerpts from Bipartisan Report
Tab II	Geothermal resources
Tab III	Peat and coal resources
Tab IV	Mineral resources
Tab V	Americas Center for Technology

cc: Chuck Tyson  
Richard Beal  
Doug McMinn  
Richard Levine

Draft Language for Insertion Into  
the Implementing Plan for the Report  
of the National Bipartisan Commission  
on Central America

Given the importance that should be placed on the development of indigenous natural resources as a means of both increasing employment and conserving scarce foreign exchange, funding shall be provided for the creation of a center to promote the application of existing technology in developing energy and mineral resources in Central America and the Caribbean Basin. This center will be established at the Los Alamos National Laboratory and will work in conjunction with technical centers in participating countries to assist in the assessment and development of their energy and mineral resources.

of the population, 2 percent went to the poorest 20 percent. According to ECLA's data, over 60 percent of the region's population was living in poverty, over 40 percent in "extreme poverty." The real incomes of poor families in Guatemala were actually lower in 1980 than in 1970.

While measures of absolute poverty are inevitably arbitrary and subject to considerable margins of error, studies show that in El Salvador, Guatemala, Honduras, and Nicaragua during the 1970's about half of the urban population and three-quarters of the rural population could not satisfy their basic needs in terms of nutrition, housing, health, and education. The population explosion magnified the problem of inequitable distribution of national income. As we have seen, the number of Central Americans almost tripled in 30 years. The World Bank projects a further increase in the region's population to 38 million by the end of the century. Except in Costa Rica, rapid urbanization and population growth overwhelmed the limited resources that governments were prepared to devote to social services -- or that private organizations could provide. This was true in all fields -- education, health, housing, and nutrition.

In short, the economic growth of the 60's and 70's did not resolve the region's underlying social problems. About 60 percent of the populations of El Salvador, Guatemala, Honduras, and Nicaragua (before the revolution) remained illiterate. Ten of every one hundred babies born died before the age of five, and, according to reliable nutritionists, 52 percent of the children were malnourished. Somewhere between four and five million people in the region were unemployed or underemployed. They and their families were often living on the edge of starvation.

The international economic crisis that developed in the late 1970's worsened the situation dramatically. World inflation, including the second steep jump in international petroleum prices in the decade, hit the five countries hard. (Only Guatemala among them has any domestic oil production of its own.) At the same time, the escalation in international interest rates drove up the annual cost of servicing external debt, a particularly stringent circumstance for democratic Costa Rica. Economic stagnation in the developed world also had a marked impact on Central American economies, which are especially vulnerable to the volatility of commodity prices. As a consequence of these factors, the region's exports now buy 30 percent less in imports than they did five years ago. By contrast, oil-importing developing countries as a group worldwide increased their export purchasing by more than 7 percent during this period.

The economic collapse of the late 1970's, coming as it did after a period of relatively sustained growth, shattered the rising hopes of Central Americans for a better life. Though



nutrition, deficient education, and the other social problems described in the next chapter.

Continued rapid population growth has compounded the human consequences of the economic collapse. The population of the Central American isthmus nearly doubled from 1960 to 1981, from 12 to 23 million. During these years, population growth rates slowed significantly only in Costa Rica and Panama. Overall, the regional growth rate remains around 3 percent, among the highest in the world. Current projections are for a regional population of 38 million in the year 2000, with population growth averaging 2.7 percent per year; at that rate, the population would double in 26 years.

Causes of the Recent Decline

Although the economies of the region were once among the most dynamic in the world, they are now in decline. This painful change can be attributed to several factors:

High oil prices, world inflation, prolonged world recession, and weak demand and prices for commodity exports

All of the countries in the region were badly affected by the sharp rise in oil prices during the 1970's. Oil imports in 1981, after the second round of price rises and before the collapse of Central America's exports, cost more than one-fifth of export revenues. The high cost of energy imports is a continuing problem. Slack world demand for Central America's key export products (coffee, bananas, cotton, sugar, and meat) led to a drastic deterioration of the region's purchasing power. As a result, Central America would have to export in physical terms almost half again as much today as it did five years ago to buy the same goods on the world market. The shortfall in export earnings forced the Central American countries to cut back imports not only of consumer goods, but also of raw materials, spare parts, and capital goods, thus accelerating the economic slowdown.

Intra-regional tensions and political unrest

The conflict between El Salvador and Honduras in 1969 began a process which gradually undermined the dynamics of the Central American Common Market. Nevertheless, intra-regional trade, largely in manufactured goods, continued to grow until 1980. Since then the political turmoil in Nicaragua and El Salvador, and the financial problems of all the CACM countries have produced a sharp decline in intra-regional trade: the value of such trade fell by almost one-third between 1980 and 1982. This collapse of intra-CACM trade -- in part because of the accumulation of serious trade imbalances between Costa Rica and Guatemala, which had surpluses, and Nicaragua, El Salvador,

other creditor governments have agreed in principle to reschedule part of Costa Rica's external debt, none of the other countries of the region has formally asked for similar treatment. They should be encouraged to seek multilateral debt renegotiation; this would be a departure from existing practice which is essentially reactive.

At the same time, the United States and the governments of other creditor countries should urge private lenders, especially commercial banks, to renegotiate existing debt at the lowest possible interest rates. A task force of key public and private creditors as well as debtors could be established to facilitate these debt renegotiations and to encourage new lending. The task force could establish general guidelines for individual country negotiations and do everything possible to expedite agreement between debtors and creditors. Again, the engagement of creditor governments would be a significant departure from current approaches.

We do not intend that our recommendations should affect the debt negotiations of countries outside of Central America, but we believe that the debt burden needs to be addressed as part of the emergency stabilization effort.

We recommend that the United States provide an immediate increase in bilateral economic assistance.

Additional economic assistance should be made available in the current fiscal year. Total commitments of U.S. bilateral economic assistance to Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama in FY 1983 was \$628 million; the request for appropriated funds for FY 1984 is \$477 million. We recommend a supplemental appropriation of \$400 million for the current fiscal year. Such an increase, if complemented by continued improvements in the economic policy programs of these countries and if quickly made available, would help stabilize current economic conditions. (Forecasts of the financial needs of the region are summarized in the appendix to this chapter.) We also recommend additional U.S. economic assistance in future years, which is discussed in the proposed medium-term program.

The bulk of this additional assistance should be channeled through the Agency for International Development (AID), with emphasis on creating productive jobs, providing general balance of payments support, and helping the recipient countries implement their economic stabilization programs. The purpose of this assistance would be to stop the continued decline in economic activity, and to signal a U.S. commitment to helping Central America address its deep-seated economic and political problems. Other donors, including Canada, Europe and Japan should be encouraged to provide similar additional help as soon as possible.

We recommend that a major thrust of expanded aid should be in labor intensive infrastructure and housing projects.

Although the housing needs of the region are addressed in the next chapter, we urge that AID use increased economic assistance to expand infrastructure and housing projects.

Central America suffers from pressing needs for rural electrification, irrigation, roads, bridges, municipal water, sewer and drainage construction and repair. Such construction projects, using labor-intensive methods, can quickly be initiated, with considerable economic benefit.

We recommend that new official trade credit guarantees be made available to the Central American countries.

The decline in the availability of trade finance has critically affected the flow of imports into Central America. A Trade Credit Insurance Program would provide U.S. government guarantees for short-term trade credit from U.S. commercial banks. Such a program could be administered by the Export-Import Bank, although the existing trade credit program is not available to Central American countries, in part because the risks of non-repayment are viewed as excessive. Therefore, every effort should be made to establish the program within existing legislation or to create new legislative authority for a program reflecting the need for special consideration in Central America. The novelty would be that the program would be available only for use in Central America.

We further recommend that participating U.S. commercial banks be required, as a condition of their participation, to renegotiate their existing long-term credits in accordance with guidelines established by the debt task force described above. Thus, the program would contribute to easing debt service problems as well as to encouraging renewed commercial bank lending (albeit with a government guarantee) in Central America.

We also urge that a program be organized to provide seasonal credit to the agricultural sector which would meet a critical need in the region.

We recommend that the United States provide an emergency credit to the Central American Common Market Fund (CACMF).

The Central American countries have asked for a credit to refinance part of the accumulated trade deficits among themselves which have contributed to the contraction of intra-regional trade. The United States should use part of the increased economic aid for this purpose; the Central American countries that have been in surplus would be expected to transform the remainder of the deficits into long-term local currency credits. As the Central American countries have proposed, CACMF regulations should then be adjusted to avoid future build-ups of large unsettled balances. Since the debts



Expanded Trade Opportunities

Rapid Central American economic growth requires increased foreign exchange earnings. In the short run the region will continue to rely largely on the earnings which come from the export of commodities. The Commission considered, and rejected as ineffective or inappropriate, proposals to stabilize commodity prices or earnings. Thus, until demand recovers for the commodities which Central America produces, the prospects for significant increases in export earnings are limited.

The solution to this problem will necessarily be a slow one. Over the medium term, the Central American countries should try to broaden their export bases both in the agricultural and manufactured good sectors. More diversified exports would help to insulate the region from some of the swings in the international economy.

Central American export-promoting policies will come to naught, however, if the rest of the world fails to open its markets. The United States has taken the lead in this respect and the Caribbean Basin Initiative will provide additional encouragement for the development of new export industries.

The Central American countries should also try to free up foreign exchange resources by reducing energy imports. The United States and other donor nations possess relatively inexpensive technology that could be used in the region to identify and explore local energy resources.

We encourage the extension of duty-free trade to Central America by other major trading countries.

The CBI is a landmark piece of legislation and we hope that other countries will be willing to extend similar benefits to Central America. We urge the European Community to extend trade preferences to Central America under the Lome Agreement, since the U.S. is extending CBI benefits to Lome beneficiaries in the Caribbean. Other countries of Latin America should also be encouraged to offer special trade benefits to the Central American countries as their own economic recovery progresses.

We urge the United States to review non-tariff barriers to imports from Central America.

We recognize that this issue -- which principally applies to products like textiles, sugar, and meat -- is highly contentious, both internationally and domestically. All of these products are affected by multilateral agreements which partly determine the degree of access to the United States market. We encourage the President to use whatever flexibility exists in such agreements in favor of Central American producers.

GEOHERMAL RESOURCES

Central America, with its many active and dormant volcanos, has extraordinary potential for the development of geothermal energy resources. El Salvador and Nicaragua are presently generating electricity from geothermal sources; the potential in other countries is also high. Los Alamos National Laboratory is presently conducting an assessment of the geothermal resource base on St. Lucia, is negotiating to do similar work on Dominica and Grenada, and has received an inquiry about assessing the geothermal potential of Honduras.



'76 ERUPTION ON GUADELOUPE



ST. LUCIA GEOTHERMAL AREA

**GEOHERMAL ENERGY POTENTIAL**

Los Alamos

PEAT AND COAL RESOURCES

The peat and coal resources of Central America need to be assessed for use as local sources of energy and for other applications. Peat, because of its greater abundance and large number of potential uses, is probably the more valuable resource. This map shows the location of known coal and peat deposits. Peat, however, is probably much more widespread than is shown here. Scientists from Los Alamos National Laboratory have initiated peat studies in Belize and Costa Rica, and hope to begin studies in other countries soon.



# PEAT AND COAL RESOURCES



## LEGEND

- PEAT
- COAL

## POTENTIAL USES OF PEAT

- \* ENERGY
- \* FARMING
- \* INDUSTRIAL CHEMICALS
- \* BUILDING MATERIALS

Los Alamos



MINERAL RESOURCES

Mineral production could provide a long-term source of employment and export earnings for Central American countries. Although most countries have had producing mines for many years, systematic assessments of mineral potential have not been undertaken anywhere in the region, except perhaps in Cuba, where the USSR is exploiting nickel and chromium. Los Alamos National Laboratory has pioneered methods for cost-effective geochemical surveys to rapidly assess mineral potential.

# MINERAL RESOURCES



● MINES IN PRODUCTION

Los Alamos

AMERICAS CENTER FOR TECHNOLOGY

The Americas Center for Technology (ACT) would provide a mechanism for promoting technological development in Central America. The ACT could be located at the Los Alamos National Laboratory and would be the focus for that activity. ACT would receive line item funding and policy guidance through a lead agency within the U.S. Government.

The ACT could provide a direct satellite link into Central America. This would allow for shared computing, communications and training capabilities among the countries and promote the feeling of one scientific community.

# USG LEAD AGENCY

Americas Center for Technology  
**ACT**

TECHNICAL  
SUPPORT

JOINT RESEARCH  
AND DEVELOPMENT

TRAINING

OTHER NATIONAL  
LABORATORIES

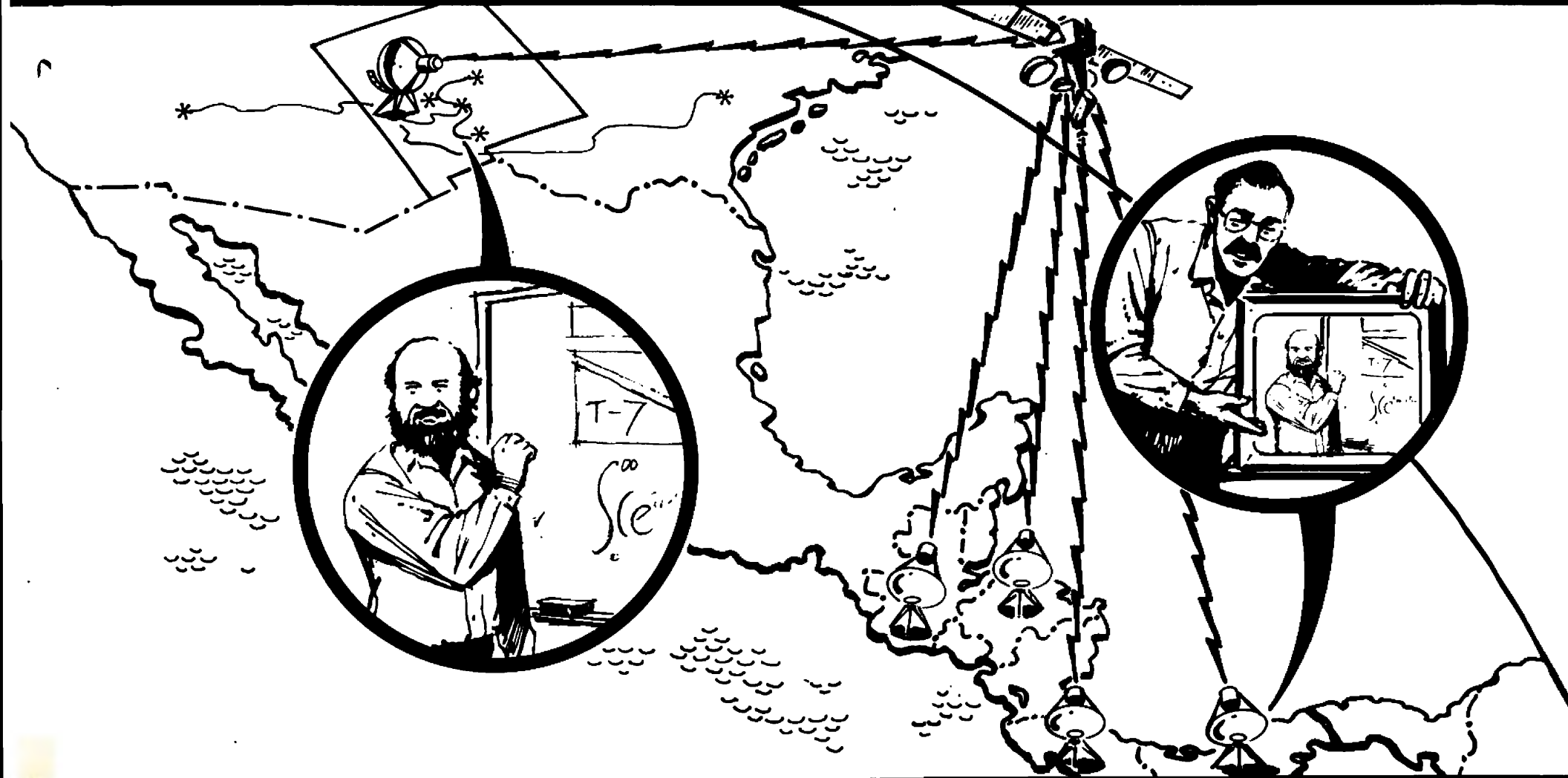
PRIVATE  
SECTOR

UNIVERSITIES

Los Alamos

# ACT

# AMERICAS CENTER FOR TECHNOLOGY



## Los Alamos



Tech for Econ Dev

incl  
978

National Security Council  
The White House

84 FEB 8 P 1: 27

System # I  
Package # 0808

	SEQUENCE TO	HAS SEEN	DISPOSITION
Bill Martin	<u>1</u>		
Bob Kimmitt			
John Poindexter			
Wilma Hall	<u>2</u>		
Bud McFarlane		<u>M</u>	
Bob Kimmitt			
NSC Secretariat	<u>3</u>		
Situation Room			<u>FEB 1984</u>

I = Information    A = Action    R = Retain    D = Dispatch    N = No further Action

cc: VP Meese Baker Deaver Other \_\_\_\_\_

Bud

COMMENTS

Should be seen by: \_\_\_\_\_

(Date/Time)

This is a winning idea. Please note that we have a tight time schedule to ensure that this is put into the final legislative package. WM

National Security Council  
The White House

✓  
CT  
965

84 JAN 31 P 2: 43

System # I

Package # 0908

	SEQUENCE TO	HAS SEEN	DISPOSITION
Bill Martin	<u>1</u>	<u>WFA</u>	
Bob Kimmitt	<u>2</u>	<u>K</u>	
John Poindexter	<u>3</u>	<u>[Signature]</u>	
Wilma Hall			
Bud McFarlane			
Bob Kimmitt			
NSC Secretariat			
Situation Room			
<u>ROBINSON</u>	<u>4</u>		<u>A</u>

I = Information    A = Action    R = Retain    D = Dispatch    N = No further Action

cc: VP    Meese    Baker    Deaver    Other \_\_\_\_\_

COMMENTS                      Should be seen by: \_\_\_\_\_  
(Date/Time)

Rosen,  
I like this idea very much but I  
don't think we should limit to Central  
America. It should include the Caribbean  
Basin? Why can't we do this outside the Jackson  
Plan?



### National Security Council The White House

System # \_\_\_\_\_  
Package # 0808

	SEQUENCE TO	HAS SEEN	DISPOSITION
Bill Martin	<u>1</u>	<u>WFM</u>	_____
Bob Kimmitt	<u>2</u>	<u>K</u>	_____
John Poindexter	_____	_____	_____
Wilma Hall	_____	_____	_____
Bud McFarlane	_____	_____	_____
Bob Kimmitt	_____	_____	_____
NSC Secretariat	_____	_____	_____
Situation Room	_____	_____	_____
<u>Robinson</u>	<u>3</u>	_____	<u>A 7</u>

I = Information	A = Action	R = Retain	D = Dispatch	N = No further Action
-----------------	------------	------------	--------------	-----------------------

cc: VP Meese Baker Deaver Other \_\_\_\_\_

*Tab I should go to Shultz and McInerney*

COMMENTS

Should be seen by: \_\_\_\_\_

I strongly concur with this package. <sup>(Date/Time)</sup> Early on I recommended that Los Alamos present their work to the Commission and they did and were very well received.

Robinson has further refined the approach and turned it around quickly. As usual, NSC has the opportunity to strongly promote energy/mineral development. This is a winner of an idea. WFM