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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. Statement	By Walter J. Stoessel Before the House Committee on Foreign Affairs, (Presented in Closed Session), 5 p. <i>D 11/8/01 NLSF97-106 474</i>	2/25/81	P1/F1, B3
2. Memo	Diego C. Asencio to US Stoessel, re: Treatment of Iranians, 5 p.	2/28/81	P1/F1 /P5

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P-1 National security classified information [(a)(1) of the PRA].
- P-2 Relating to appointment to Federal office [(a)(2) of the PRA].
- P-3 Release would violate a Federal statute [(a)(3) of the PRA].
- P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA].
- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA].
- P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA].

C. Closed in accordance with restrictions contained in donor's deed of gift.

Freedom of Information Act - [5 U.S.C. 552(b)]

- F-1 National security classified information [(b)(1) of the FOIA].
- F-2 Release could disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA].
- F-3 Release would violate a Federal statute [(b)(3) of the FOIA].
- F-4 Release would disclose trade secrets or confidential commercial or financial information [(b)(4) of the FOIA].
- F-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA].
- F-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA].
- F-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA].
- F-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA].

IRAN

NATIONAL SECURITY COUNCIL
February 25, 1981

MEMO FOR JANET COLSON

FROM: GARY SICK 

SUBJECT: Iran Agreements

You had asked me earlier (in response to questions from other White House offices) when the implementation of the Iran agreements was to begin. The answer is this week.

Mr. Stoessel, the new Undersecretary of State for Political Affairs, is appearing today before the HFAC for testimony on the agreements and the Administration's plans on defending against future terrorist attacks. He will officially outline the nature of the implementation which is now underway. There was a small story on the agreements in the Wall Street Journal today, and there will no doubt be other stories in the next few days as implementation gets underway and as Stoessel's testimony gets reported.

Justice will probably go into court this week to argue for the lifting of attachments against remaining Iranian assets, in order for the assets to be transferred to escrow as required. Regulations are being prepared by Treasury concerning other technical aspects, and they will probably be published this week. Talks are underway with the Algerians about lump sum settlement of claims less than \$250,000. State is considering names for the Arbitral Commission. In short, implementation of all aspects of the agreements is now in full swing. I strongly recommend that all queries about implementation be referred to State or to the appropriate agency, since these are technical, not policy, matters.

February 25, 1981

INFORMATION

MEMORANDUM FOR: RICHARD V. ALLEN
FROM: GARY SICK *GS*
SUBJECT: Iran Agreements

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Iran
[Signature]

STATEMENT BY UNDERSECRETARY WALTER J. STOESSEL
BEFORE THE
HOUSE COMMITTEE ON FOREIGN AFFAIRS
FEBRUARY 25, 1981

CHAIRMAN ZABLOCKI AND MEMBERS OF THE COMMITTEE, I WELCOME THIS OPPORTUNITY TO DISCUSS THE ADMINISTRATION'S DECISION TO IMPLEMENT THE AGREEMENTS WITH IRAN FOR THE RELEASE OF THE HOSTAGES AND STEPS WE WILL TAKE IN THE WEEKS AHEAD IN THE PROCESS OF IMPLEMENTATION. I ALSO APPRECIATE THIS CHANCE TO REVIEW WITH YOU SOME OF THE LESSONS WE HAVE LEARNED FOR DEALING WITH TERRORISM IN THE FUTURE, AND STEPS WE WILL TAKE TO INCREASE PROTECTION FOR OUR DIPLOMATS AND OFFICIAL PERSONNEL AT OUR POSTS ABROAD.

LET ME SAY AT THE OUTSET THAT OUR DECISION TO IMPLEMENT THE AGREEMENTS DOES NOT MEAN WE WILL AUTOMATICALLY PROCEED TO NORMALIZE OUR RELATIONS WITH IRAN. I WILL DISCUSS OUR THINKING ABOUT OUR FUTURE RELATIONS WITH IRAN AT A LATER STAGE IN THIS HEARING, BUT I WANT TO SAY NOW THAT SOLID MOVEMENT TOWARD NORMALIZATION WILL DEPEND ON IRAN'S DEMONSTRATION OF ITS WILLINGNESS TO RESPECT INTERNATIONAL LAW AND CIVILIZED USAGE. I SAY THIS FULLY MINDFUL OF THE VITAL INTEREST WE HAVE IN THE PERSIAN GULF, AND THE SERIOUS THREAT THAT THE SOVIETS POSE TO THAT AREA.

BEFORE LOOKING AT THE PRACTICAL STEPS TO IMPLEMENT THE AGREEMENTS THAT WILL BE REQUIRED IN THE WEEKS AHEAD, I SHOULD NOTE THAT WE HAVE COMPLETED A VERY THOROUGH REVIEW OF OUR OBLIGATIONS UNDER THEM. WE HAVE CONSIDERED ALL THE CONDITIONS-- AND THE EXTRAORDINARY CIRCUMSTANCES UNDER WHICH THE AGREEMENTS WERE NEGOTIATED--VERY CAREFULLY. OUR DECISION TO APPROVE IMPLEMENTATION, STRICTLY IN ACCORDANCE WITH THE TERMS OF THE AGREEMENTS, TAKES INTO ACCOUNT:

- THE LEGITIMATE RIGHTS OF U.S. CLAIMANTS;
- OUR POLICIES FOR DEALING WITH TERRORISM;
- OUR INTERNATIONAL INTERESTS, INCLUDING RELATIONS WITH THIRD PARTIES--PRIMARILY ALGERIA--THAT HAD COMMITTED A GREAT DEAL DURING THE COURSE OF THESE NEGOTIATIONS;
- LONG-TERM U.S. INTERESTS IN THE PERSIAN GULF, INCLUDING IRAN.

AS THE DEPARTMENT'S SPOKESMAN HAS SAID, WE DID NOT IN OUR REVIEW OF THE AGREEMENTS ADDRESS WHETHER THE CRISIS COULD HAVE BEEN BETTER HANDLED, OR WHETHER A BETTER SET OF AGREEMENTS COULD HAVE BEEN NEGOTIATED. THE AGREEMENTS ARE AN ACCOMPLISHED FACT, AUTHORIZED BY THE PRESIDENT OF THE UNITED STATES ACTING WITHIN THE AUTHORITY OF HIS OFFICE.

WE DID NOT SEE IT AS NECESSARY TO REACH A CONCLUSION AS TO THE AGREEMENTS' LEGALLY BINDING CHARACTER UNDER INTERNATIONAL LAW. WE ARE PROCEEDING WITH IMPLEMENTATION BECAUSE IT APPEARS TO BE CLEARLY IN THE OVERALL INTERESTS OF THE U.S. TO DO SO.

IRAN HAS NOT PROFITED FROM THESE AGREEMENTS AND IN FACT PAID A CONSIDERABLE ECONOMIC PRICE FROM THE SANCTIONS AND POLITICAL ISOLATION IMPOSED UPON IT. FACED WITH THE SERIOUS DEADLINE IMPOSED BY THE ADVENT OF A NEW ADMINISTRATION WHICH WAS NOT COMMITTED TO CONTINUE THE NEGOTIATIONS UNDERWAY, IRAN HAD TO SETTLE FOR TERMS THAT RESTORED FINANCIAL RELATIONS WITH THE U.S. ROUGHLY TO WHERE THEY WERE BEFORE THE HOSTAGES WERE SEIZED. THEY HAD TO GIVE UP MANY OF THEIR DEMANDS, INCLUDING THE RETURN OF THE SHAH, AND THE RETURN OF HIS ASSETS. AS YOU KNOW, THE FUNDS ALREADY RETURNED TO IRAN AND THOSE WHICH MAY BE RETURNED AS THE AGREEMENTS ARE IMPLEMENTED AND COMMERCIAL AND FINANCIAL CLAIMS ARE SETTLED ARE ASSETS THAT BELONGED TO IRAN BEFORE THE SEIZURE OF THE HOSTAGES. NO U.S. FUNDS HAVE BEEN SENT TO IRAN AS THE RESULT OF THESE AGREEMENTS.

THREE ACTIONS REQUIRED UNDER THE AGREEMENTS HAVE ALREADY TAKEN PLACE:

- THE UNITED STATES HAS PLEDGED NON-INTERFERENCE IN IRAN'S INTERNAL AFFAIRS. THIS IS IN ACCORDANCE WITH OUR POLICY AND INTERNATIONAL LAW.
- \$7.9 BILLION WAS TRANSFERRED TO AN ESCROW ACCOUNT WITH THE BANK OF ENGLAND. OF THIS, \$3.7 BILLION WAS THEN RETURNED TO THE FEDERAL RESERVE BANK OF NEW YORK TO PAY OFF SYNDICATED BANK LOANS AND

CREDITS AND \$1.4 BILLION WAS RETAINED IN THE ACCOUNT TO PAY NON-SYNDICATED LOANS AND CREDITS OF BANKS AND DISPUTED INTEREST OWING ON IRAN DEPOSITS IN U.S. BANKS.

-- WE HAVE REVOKED ECONOMIC SANCTIONS IMPOSED ON IRAN IN RESPONSE TO THE HOSTAGE TAKING. NORMAL CONTROLS UNDER THE ARMS EXPORT CONTROL ACT CONTINUE TO APPLY TO IRAN AND A DEPARTMENT TRAVEL ADVISORY POINTS OUT THE DANGERS OF TRAVELLING THERE.

HOWEVER, A NUMBER OF ADDITIONAL STEPS WILL BE REQUIRED TO COMPLETE IMPLEMENTATION OF THE AGREEMENTS. THE EXECUTIVE BRANCH WILL PUBLISH REGULATIONS THIS WEEK TO IMPLEMENT EXECUTIVE ORDERS SIGNED BY PRESIDENT CARTER ON JANUARY 19. THESE REGULATIONS EXPLAIN THE RESPONSIBILITIES OF U.S. HOLDERS OF IRANIAN ASSETS AND CLARIFY THE EFFECT OF U.S. LAW ON NEW FINANCIAL AND COMMERCIAL TRANSACTIONS WITH IRAN NOW THAT OUR ECONOMIC SANCTIONS HAVE BEEN TERMINATED. WE HAVE DISCUSSED THESE REGULATIONS IN DETAIL WITH U.S. CLAIMANTS; THEIR VIEWS HAVE BEEN FULLY CONSIDERED IN THE DRAFTING PROCESS.

WE ARE WORKING TO CONCLUDE A SECURITY ACCOUNT ARRANGEMENT WITH A FOREIGN CENTRAL BANK INTO WHICH TO PLACE A PORTION OF THE \$2.2 BILLION IN IRANIAN ASSETS NOW IN U.S. BRANCHES OF U.S. BANKS. AS YOU KNOW, ONE-HALF OF THESE ASSETS AS THEY ARE TRANSFERRED ARE TO GO INTO SUCH AN INTEREST BEARING ACCOUNT FOR

PAYMENT OF ARBITRATION AWARDS TO U.S. CLAIMANTS. WHEN \$1 BILLION HAS BEEN PLACED IN THE SECURITY ACCOUNT, THE ADDITIONAL FUNDS WILL BE TRANSFERRED TO IRAN. HOWEVER, WHENEVER THE BALANCE IN THE SECURITY ACCOUNT SHOULD DROP BELOW \$500 MILLION AS A RESULT OF PAYMENT OF CLAIMS, IRAN IS OBLIGATED TO MAKE NEW DEPOSITS SUFFICIENT TO MAINTAIN THE \$500 MILLION BALANCE. WE MUST ALSO TRANSFER TO IRAN \$1 - \$1.5 BILLION OF OTHER IRANIAN ASSETS SUBJECT TO U.S. JURISDICTION.

CLAIMS NOT SETTLED WITHIN SIX MONTHS BY DIRECT NEGOTIATION BETWEEN THE PARTIES MAY BE SUBMITTED TO THE THE ARBITRATION TRIBUNAL. WE ARE SEEKING A SITE FOR THE TRIBUNAL AND WILL SHORTLY BEGIN TO MAKE OTHER ARRANGEMENTS AS WELL, INCLUDING THE SELECTION OF ARBITRATORS.

WE WILL VERY SHORTLY BE TAKING STEPS IN THE U.S. COURTS TO LIFT THE LEGAL ATTACHMENTS BY U.S. CLAIMANTS ON IRANIAN ASSETS. THESE ATTACHMENTS MUST BE REMOVED BEFORE THE TRANSFERS CAN BEGIN THAT WILL--IN ADDITION TO RETURNING SOME IRANIAN PROPERTY TO IRAN--FILL THE SECURITY ACCOUNT FROM WHICH ARBITRATION AWARDS WILL BE PAID. WE WILL ALSO SUSPEND THE CLAIMS IN U.S. COURTS THAT MAY BE PRESENTED TO THE ARBITRATION TRIBUNAL. THESE CLAIMS WILL BE DISCHARGED ONLY AFTER THE TRIBUNAL TAKES JURISDICTION AND MAKES A JUDGMENT ON THE MERITS.

IN DUE COURSE, WE WILL WITHDRAW U.S. CLAIMS AGAINST IRAN BEFORE THE INTERNATIONAL COURT OF JUSTICE. (WE WILL, HOWEVER, CONTINUE TO PRESS OUR CLAIM FOR THE RETURN OF OUR EMBASSY AND OTHER PROPERTIES IN IRAN.)

THE BANKS SEEM TO BE SATISFIED WITH THE AGREEMENTS AND STAND TO BE PAID IN FULL--SOMETHING THAT WAS BY NO MEANS ASSURED PREVIOUSLY. THE PRINCIPAL CONCERN OF THE CONTRACT CLAIMANTS IS THAT IRAN MAY NOT PAY AWARDS MADE BY THE ARBITRATION TRIBUNAL. HOWEVER, UNDER THE TERMS OF THE AGREEMENT ARBITRAL AWARDS AGAINST IRAN WOULD BE ENFORCEABLE AGAINST ITS ASSETS IN ANY COUNTRY. IRAN HAS WAIVED ITS SOVEREIGN IMMUNITY DEFENSE WITH RESPECT TO AWARDS MADE BY THE ARBITRATION TRIBUNAL. BECAUSE OF ITS DEPENDENCE ON OIL SALES, IRANIAN ASSETS WOULD BE AVAILABLE IN A NUMBER OF COUNTRIES FOR SATISFACTION OF ARBITRAL AWARDS. MOST OF THOSE WITH CLAIMS UPON IRANIAN ASSETS NOW UNDERSTAND AND ARE REASONABLY SATISFIED WITH THESE ARRANGEMENTS. OTHERS MAY HAVE A DIFFERENT VIEW, HOWEVER, AND SOME WILL GO TO COURT TO TRY TO KEEP IRANIAN ASSETS HERE OR TO DELAY THE TRANSFER OF THE FUNDS. IN GENERAL, WE BELIEVE THE AGREEMENTS PROVIDE FOR MORE CERTAIN PROTECTION OF CLAIMANTS' INTERESTS THAN WAS ENJOYED PREVIOUSLY. ACCESS TO IRANIAN ASSETS AND SATISFACTION OF AMERICAN CONTRACT CLAIMS WERE BY NO MEANS LEGALLY ASSURED PRIOR TO THE TAKING OF THE HOSTAGES.

A CATEGORY OF OBLIGATIONS OF WHICH I HAVE NOT SPOKEN CONCERNS THE SHAH'S WEALTH. THE REGULATIONS THAT I HAVE MENTIONED WILL REQUIRE THAT WHENEVER THE SHAH'S ESTATE OR ANY CLOSE RELATIVE IS SERVED AS A DEFENDENT IN U.S. COURTS BY IRAN PURSUANT TO AN EFFORT TO RECOVER IRANIAN PROPERTY, THE ASSETS INVOLVED WILL BE FROZEN AND INFORMATION REGARDING THEM WILL BE MADE AVAILABLE TO IRAN. WHETHER, IN FACT, THE ASSETS ARE ULTIMATELY RETURNED TO IRAN WILL BE FOR THE COURTS TO DECIDE, AS THE AGREEMENTS MADE CLEAR. MOREOVER, THE REGULATIONS WILL EXPRESSLY PERMIT THOSE FAMILY MEMBERS WHOSE ASSETS ARE FROZEN AS MUCH MONEY AS THEY NEED FOR PERSONAL EXPENSES.

ON THE QUESTION OF HOSTAGE CLAIMS, WE HAVE CONCLUDED THAT GIVEN OUR SOVEREIGN IMMUNITIES LAW, THE FORMER HOSTAGES STAND LITTLE CHANCE OF SUCCESSFUL LITIGATION AGAINST IRAN. THUS, OUR OBLIGATION UNDER THE AGREEMENTS TO BLOCK HOSTAGE CLAIMS AGAINST IRAN WILL HAVE LITTLE PRACTICAL EFFECT. WHEN THE AGREEMENTS WERE BEING NEGOTIATED THE HOSTAGE FAMILIES THEMSELVES MADE CLEAR THAT THEY DID NOT WANT THE CLAIMS ISSUE TO IMPEDE THE EARLIEST POSSIBLE RELEASE OF THE HOSTAGES. NEVERTHELESS, THE ADMINISTRATION BELIEVES THAT THE QUESTION OF COMPENSATION SHOULD BE CONSIDERED IN THE CONTEXT OF COMPENSATION GIVEN OTHER GOVERNMENT SERVANTS WHO HAVE ENDURED SIMILAR HARDSHIPS, SUCH AS POW'S AND OTHER

EX-HOSTAGES. PRESIDENT CARTER CREATED A COMMISSION TO MAKE RECOMMENDATIONS ON THE ISSUE OF HOSTAGE COMPENSATION BY THE U.S.--THE ADMINISTRATION NOW HAS THE QUESTION OF THIS COMMISSION AND ITS MANDATE UNDER ACTIVE REVIEW.

LET ME TURN TO THE LESSONS FROM THE IRAN CRISIS WITH RESPECT TO THE PROTECTION OF OUR EMBASSIES AND THE COMBATTING OF ACTS OF TERRORIST VIOLENCE AGAINST THEM. THE ATTACKS OF 1979 AND 1980 IN TEHRAN, ISLAMABAD, TRIPOLI AND SAN SALVADOR WERE NOT ISOLATED EVENTS. THEY WERE PART OF A LARGER PATTERN OF VIOLENCE AGAINST OUR DIPLOMATS AND OUR DIPLOMATIC ESTABLISHMENTS. IN 1980 ALONE THERE WERE 274 INTERNATIONAL TERRORIST ACTS AGAINST AMERICANS, ALMOST 35% OF THE WORLD-WIDE TOTAL. OF THESE ATTACKS, 177 INVOLVED OFFICIAL U.S. GOVERNMENT PERSONNEL OR PREMISES.

THE CRITICAL LESSONS ARE THE FOLLOWING:

-- WE MUST HAVE MORE EXTENSIVE INTELLIGENCE AND BETTER INFORMATION ON TERRORIST THREATS TO ENABLE US TO TAKE APPROPRIATE COUNTERMEASURES.

-- WE MUST HAVE A PROTECTIVE SECURITY SYSTEM WHICH ENABLES OUR EMBASSIES TO DEAL WITH MOB VIOLENCE AS WELL AS ISOLATED TERRORIST ATTACKS.

-- WE MUST TRAIN OUR PERSONNEL AND PREPARE THEM MORE CAREFULLY FOR THE POSSIBILITY THAT THEY WILL BE TAKEN HOSTAGE.

-- WE MUST HAVE A CRISIS MANAGEMENT SYSTEM WHICH IS ABLE TO USE AND DEPLOY AVAILABLE RESOURCES RAPIDLY AND EFFECTIVELY.

-- WE MUST HAVE BROAD INTERNATIONAL COOPERATION WHICH WILL COME INTO EFFECT IMMEDIATELY IF STATES VIOLATE THEIR BASIC OBLIGATIONS UNDER INTERNATIONAL LAW.

-- ABOVE ALL, WE MUST HAVE A CLEARLY ARTICULATED AND WELL-UNDERSTOOD POLICY WITHIN WHICH TO ACT.

LET ME COMMENT ON EACH OF THESE POINTS. INTELLIGENCE IS OBVIOUSLY A CRITICAL NEED. IN MANY WAYS, OUR INFORMATION BASE ON TERRORISM IS INADEQUATE. CONSEQUENTLY, THE INTELLIGENCE COMMUNITY IS NOW GIVING VERY HIGH PRIORITY TO THE COLLECTION OF INFORMATION ON TERRORIST GROUPS AND ON THOSE STATES WHICH SUPPORT THEM. WE ARE WORKING CLOSELY WITH OUR ALLIES TO MAXIMIZE THE SHARING OF INFORMATION. HOWEVER, THE COMPLEXITIES OF TARGETTING AND THE DIFFICULTIES OF PENETRATION ARE SUCH THAT WE WILL NEVER HAVE AS MUCH INFORMATION AS WE WOULD WISH. EVEN SO, THE IMPROVEMENT IN DATA AVAILABLE TO US WILL ENABLE US TO WARN THREATENED EMBASSIES, TO HELP THEM IMPROVE THEIR DEFENSES, AND, WHEN NECESSARY, TO WITHDRAW STAFF.

TOGETHER WITH THIS RE-EMPHASIS ON THE IMPORTANCE OF INTELLIGENCE, WE MUST LOOK TO THE PHYSICAL SECURITY OF OUR MISSIONS. THE PUBLIC ACCESS CONTROLS WHICH HAVE BEEN INSTALLED IN THE LAST SEVEN YEARS HAVE NOT BEEN ADEQUATE TO DETER OR PREVENT MOB VIOLENCE, ALTHOUGH THEY HAVE BEEN EXTREMELY EFFECTIVE

AGAINST LESSER TERRORIST THREATS. WE MUST DO EVERYTHING POSSIBLE TO ENSURE THAT OUR MISSIONS WILL NOT BE OVERRUN AGAIN. WITH THIS GOAL IN MIND AND USING THE SPECIAL SECURITY ENHANCEMENT RESOURCES PROVIDED BY THE CONGRESS IN FY'S 1980 AND 81 (A TOTAL OF \$41.9 MILLION), WE ARE URGENTLY UPGRADING SECURITY AT 24 HIGH THREAT POSTS. SURVEY TEAMS HAVE ALREADY GONE OUT TO 17 OF THESE POSTS. OVER THE NEXT FIVE YEARS WE EXPECT TO IMPROVE THE SECURITY OF ALL POSTS WHERE THERE IS A SIGNIFICANT THREAT OF VIOLENCE AND TERRORISM. THESE PROGRAMS WILL ENABLE OUR MISSIONS TO DELAY AN ATTACKING GROUP FOR A SUFFICIENT PERIOD OF TIME TO DESTROY NATIONAL SECURITY INFORMATION AND TO PERMIT PERSONNEL TO WITHDRAW TO A SECURE SAFE HAVEN. WE ARE ALSO STRENGTHENING SECURITY AT RESIDENCES AND FOR PERSONNEL IN TRANSIT. MR. CHAIRMAN, WE WOULD BE HAPPY TO BRIEF THE COMMITTEE IN GREATER DETAIL ON THIS PROGRAM SHOULD YOU SO DESIRE.

IN ANTICIPATION OF THE POSSIBILITY OF FUTURE HOSTAGE EVENTS, WE HAVE ALSO GREATLY STEPPED UP OUR TRAINING PROGRAMS. ALL FOREIGN SERVICE PERSONNEL ARE REQUIRED TO TAKE A TWO-DAY COURSE ON COPING WITH VIOLENCE. REPRESENTATIVES OF OTHER AGENCIES WITH STAFF ASSIGNED TO OUR MISSIONS ABROAD, AS WELL AS ADULT DEPENDENTS, ARE ENCOURAGED TO ATTEND. THE EXPERIENCE OF FORMER HOSTAGES IS BEING SOUGHT IN ORDER TO MAKE CERTAIN THAT THE PROGRAM IS BASED ON THE PROBLEMS WHICH HOSTAGES HAVE ACTUALLY ENCOUNTERED IN PAST INCIDENTS.

IF WE ARE FACED WITH A TEHRAN-TYPE SITUATION IN THE FUTURE, WE MUST HAVE THE ABILITY TO MANAGE SUCH A CRISIS EFFECTIVELY AND TO DEPLOY AVAILABLE RESOURCES PROMPTLY. THE DEPARTMENT OF STATE, AS THE LEAD AGENCY FOR MANAGING OVERSEAS CRISIS SITUATIONS, IS REFINING ITS CRISIS MANAGEMENT CAPABILITIES THROUGH TRAINING, SIMULATIONS AND CRISIS EXERCISES. IN ADDITION, THE NEWLY ESTABLISHED INTERDEPARTMENTAL GROUP ON TERRORISM IS ACTIVELY REVIEWING THE BASIC ELEMENTS OF THE INTERAGENCY CRISIS MANAGEMENT SYSTEM AS WELL AS OUR RESPONSE CAPABILITIES. AS THE INTERDEPARTMENTAL GROUP IDENTIFIES ISSUES, THEY ARE BEING REFERRED TO THE SENIOR INTERDEPARTMENTAL GROUP CHAIRED BY THE DEPUTY SECRETARY OF STATE OR THROUGH THE SECRETARY TO THE NATIONAL SECURITY COUNCIL.

THE INTERDEPARTMENTAL GROUP IS ALSO STUDYING A WIDE RANGE OF POSSIBLE INTERNATIONAL INITIATIVES. IT WAS APPARENT IN THE IRANIAN CRISIS THAT THE PROCESS OF MOBILIZING EFFECTIVE INTERNATIONAL SANCTIONS WAS A DIFFICULT ONE. EXISTING INTERNATIONAL CONVENTIONS LACK ENFORCEMENT PROVISIONS. WE ARE THEREFORE SEEKING TO IDENTIFY WAYS IN WHICH THE INTERNATIONAL COMMUNITY CAN BE ORGANIZED TO MOVE RAPIDLY AGAINST ANY STATE WHICH VIOLATES THE PRINCIPLES OF INTERNATIONAL LAW, RELATING TO THE INVIOABILITY OF DIPLOMATS AND DIPLOMATIC PREMISES.

IN THE COURSE OF THIS YEAR WE WILL BE EXPLORING VARIOUS INITIATIVES AT THE UNITED NATIONS, IN REGIONAL INSTITUTIONS AND WITH OUR ALLIES.

FINALLY A WORD ABOUT POLICY. FOR MANY YEARS THE U.S. HAS HAD A FIRM POSITION AGAINST INTERNATIONAL TERRORISM. HOWEVER, THE PUBLIC'S PERCEPTION, AS PERHAPS THAT OF THE TERRORISTS THEMSELVES AND THE GOVERNMENTS THAT SUPPORT THEM, IS THAT WE WERE NOT SERIOUS IN OUR PROFESSION OF INTENT. THIS ADMINISTRATION HAS MADE ABSOLUTELY CLEAR THAT IT WILL REACT SWIFTLY, EFFECTIVELY AND WITH ALL THE RESOURCES AT ITS DISPOSAL SHOULD WE FACE AN ACT OF STATE-SUPPORTED VIOLENCE AND TERRORISM IN THE FUTURE.

LET ME SPELL OUT FOR YOU, MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, SOME OF THE PRINCIPAL ELEMENTS OF THIS ADMINISTRATION'S POLICY.

THE U.S. GOVERNMENT WILL MAKE NO CONCESSIONS TO TERRORISTS. WE WILL NOT NEGOTIATE THE PAYMENT OF RANSOM NOR THE RELEASE OF PRISONERS. WE WILL WORK TO ENSURE THAT THE PERPETRATORS OF TERRORIST ACTS ARE BROUGHT TO JUSTICE. WE HOPE THAT ALL GOVERNMENTS WILL ADOPT SIMILAR POLICIES AS A MEANS OF DETERRING TERRORIST VIOLENCE. WHEN GOVERNMENTS TAKE A FIRM STAND WE WILL SUPPORT THEM.

very careful wording.

WE LOOK TO ALL GOVERNMENTS TO EXERCISE THEIR RESPONSIBILITIES UNDER INTERNATIONAL LAW TO PROTECT DIPLOMATIC PERSONNEL AND PREMISES. WE SEEK A CLOSE PARTNERSHIP WITH A GOVERNMENT ON WHOSE TERRITORY HOSTAGES ARE TAKEN OR WHEN AMERICAN CITIZENS AND PROPERTY BECOME THE VICTIMS OF TERRORIST VIOLENCE. WE WILL PROVIDE WHATEVER SUPPORT AND ASSISTANCE WE CAN, BUT WE WILL NOT GIVE IN TO TERRORIST BLACKMAIL.

SHOULD OFFICIAL AMERICAN PERSONNEL OR PREMISES BE TAKEN HOSTAGE AS THE RESULT OF AN ACT COMMITTED OR CONDONED BY A FOREIGN GOVERNMENT, THE U.S. WILL ACT EXPEDITIOUSLY, CHOOSING FROM THE RANGE OF DIPLOMATIC, POLITICAL OR ECONOMIC SANCTIONS APPLICABLE TO THE CIRCUMSTANCES. WE WILL SEEK BROAD INTERNATIONAL SUPPORT FOR SUCH MEASURES. WE HAVE MADE CLEAR THAT THE DECISION TO IMPLEMENT THE AGREEMENTS SHOULD NOT BE SEEN AS A PRECEDENT FOR FUTURE ACTIONS BY THIS ADMINISTRATION IN SIMILAR SITUATIONS. THIS ADMINISTRATION--AS WE HAVE SAID--WOULD NOT HAVE NEGOTIATED FOR THE HOSTAGES' RELEASE.

WHILE RECOGNIZING THE DIFFICULT DECISIONS WHICH ARE INVOLVED WHEN HOSTAGES ARE TAKEN, WE BELIEVE THAT GOVERNMENTS, CORPORATIONS AND PRIVATE INDIVIDUALS HAVE A COMMON INTEREST IN THE MAINTENANCE OF A POLICY OF NOT GIVING IN TO TERRORIST DEMANDS. CONCESSIONS, WHENEVER THEY ARE MADE, ONLY ENCOURAGE FURTHER ATTACKS AND PUT ADDITIONAL PEOPLE AT RISK.

IN SUM, MR. CHAIRMAN, THIS ADMINISTRATION HAS MADE THE ISSUE OF TERRORISM ONE OF ITS HIGHEST PRIORITIES. WE INTEND TO DEVOTE THE NECESSARY RESOURCES TO MEET THE CHALLENGE WHICH TERRORISM AND ILLEGAL STATE-SUPPORTED VIOLENCE REPRESENTS FOR OUR NATIONAL INTERESTS. NO TASK COULD BE MORE IMPORTANT OR MORE URGENT.

I WILL BE HAPPY TO TURN TO ANY QUESTIONS THE COMMITTEE MAY HAVE.

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WITHDRAWAL SHEET AT THE FRONT OF THIS FOLDER.

KHOMAYNI SPEAKS ON PRESENT NEED FOR UNITY

LD261334 Tehran Domestic Service in Persian 1030 GMT 26 Feb 81

[Speech given by Ayatollah Khomeyni in Tehran on 26 February to members of the Islamic societies of the Ministry of Defense, representatives of the politico-ideological department of the Ground Forces of the Islamic Republic of Iran and representatives of the youth organization of the Red Crescent Society--recorded; duration 33 minutes]

[Excerpts] My brothers, my dear ones: You should be vigilant. The entire nation should be vigilant, because today we are in a critical position. All the powers in the world are against us. They have risen against us, and we face many conspiracies from every direction, both inside and outside the country. If you and the entire nation pay attention to this matter, you will realize that if the people wish to be free, if they wish to be independent and not in bondage, all should give up their personal ambitions, even if only for a short time, so that these conspiracies can be destroyed. All of the people should have the same goal. Those who are at the top are more responsible, but those of us here are also responsible.

I also wish to make some recommendations. You know that at the moment our youth are involved in self-sacrifice in the border areas. We have lost many young people and have many crippled and wounded. Many families have had to leave their homes and are scattered all over the country. There is no city that has not had several youths martyred or crippled. During this calamity that has descended upon us--of course, this is a calamity that, God willing, will be followed by all greatness and honor--I ask all who wish to celebrate their so-called Nowruz Festival [Persian New Year starting on 21 March, which Khomeyni and the mullahs have consistently tried to undermine along with other non-Islamic national festivals] to minimize or cancel such festivities this year. It is not fair that many families have been afflicted with calamity, have lost their youths and yet have remained strong; it is not fair that those families are afflicted with calamity while other families celebrate. This year, instead of buying unnecessary things for your children, take care of the crippled people who are in hospitals and the refugees who are homeless and in need of attention. Demonstrate your brotherhood and your religious feeling. If you go on a trip for a few days and enjoy yourselves--these few days are short and will come to an end--your merry-makings, your enjoyment will have a bad effect upon the tired hearts of some mothers and sisters, and this effect will last.

I wish to make a few points to the armed forces, the gendarmerie and other forces, the guards, the tribes--all of them. All are children of Islam and all are engaged in self-sacrifice on the path of Islam. I ask them to be in harmony. If every group is free to do things independently in the war, there will be no victory. However, if all are coordinated under one unified command and if all regard themselves as soldiers of Islam. [sentence as heard] There is no separation between our nation and the armed forces, there is no separation between our nation and the guards and there should be no separation between the armed forces and the guards. The very assertion that I am a guard, another is from the gendarmerie and yet another is from the armed forces, the very raising of such an issue is, at the moment, incorrect in our country. All of us should be soldiers of Islam and all of us should be in harmony. You see that throughout our country the youths, the women, the old women, the old men are serving together, serving you, the armed forces and other forces, and all of them are together.

During the meeting, Hojjat ol-Eslam val Moslemin Khamene'i reported to the nation's imam on the results of his visit to India.

MAJLIS COMMITTEES ISSUE JOINT STATEMENT ON WAR

LD261202 Tehran Domestic Service in Persian 1030 GMT 26 Feb 81

[Joint statement issued by the Foreign Affairs and Defense Committees of the Islamic Consultative Assembly on 26 February]

[Excerpts] The American regime of Saddam and his masters has discovered that Islam possesses a power that cannot be destroyed by means of war. As a result, in order to break the steel dam of the united forces of the Iranian nation, they have engaged in all sorts of deceptions, among which is the evil suggestion about discussions between Iran and the infidel Ba'thist regime in Iraq.

With full confidence in the final victory of Iran on the battlefronts; with certainty about the repeated epic deeds of the brave and fighting forces of Islam in the fields of battle against falsehood; with deep respect for all of the martyrs from the armed forces, the guards, mobilization groups and brave tribes; with full support for the Armed Forces of the Islamic Republic of Iran; and with confidence in the decisive positions of the responsible officials of the country, we announce:

1. The world should know that the infidel regime of Iraq has carried out military aggression against our Islamic homeland and, according to Islam, the response to such aggression is war and only war.
2. All international organizations and the leaders of the Islamic and non-Islamic countries should know that as long as even one inch of our homeland is under the occupation of aggressive forces, any kind of discussion with the enemy, either directly or indirectly, is condemned and all their attempts in this connection will be useless and futile.
3. The mercenary regime of infidel Saddam does not enjoy the slightest degree of political and legal legitimacy and, due to treachery against the two brotherly nations of Iraq and Iran, it is condemned to destruction. The leaders of that regime should be tried and punished.
4. Once again, we emphasize to all responsible officials of the country and the armed forces that Iran has only one path for victory over the enemy--that is war--as long as the soil of our country is under the occupation of the aggressive Ba'thist Armed Forces of Iraq.
5. We demand that the responsible officials of the country inform the Islamic Consultative Assembly deputies of all discussions with any foreign official who has come to Iran or who will come in the future so that they will always be able to carry out their duties as deputies in a befitting manner.

With greetings.

[Signed] The joint committee [as heard] of foreign affairs and defense of the Islamic Consultative Assembly

MAJLIS DEPUTIES ADDRESS TEHRAN DEMONSTRATION

LD261742 Tehran Domestic Service in Persian 1630 GMT 26 Feb 81

[Text] The Central News Bureau reports that, at the invitation of the four Tehran deputies of the Islamic Consultative Assembly, Tehran citizens held a demonstration this evening at the Amjadiyeh stadium.

All of them have one goal--that the armed forces, the guards and other forces are secure in the knowledge that they will receive what they need so that they can concentrate on fighting. These youths, these old people, these women and these old women are together, are working through unity of expression and are in harmony over this issue in the same way that you who are on the fronts and are engaged in self-sacrifice in the sight of God and working for the sake of God. Be together for the sake of God, be in harmony, regard everyone as belonging to you and do not regard them as separate from you. [shouts of "God is great" and "Khomeyni is the leader"]

I beseech God, the almighty, the all-blessed, for the health and well-being of the entire nation, all Muslim nations and all who are serving Islam. God willing, all of you will be victorious in what you are doing. May God, the almighty, the all-blessed, support all of you.

KHOMEYNI MEETS WITH DEFENSE MINISTER FAKURI

LD261740 Tehran Domestic Service in Persian 1630 GMT 26 Feb 81

[Text] According to a Central News Bureau report, Col Javad Fakuri, defense minister and commander of the Air Force of the Islamic Republic of Iran, along with Dr Sadeq Tabataba'i, was received in audience this morning by Imam Khomeyni, leader of the revolution and founder of the Islamic Republic of Iran, and met and conferred with his eminence.

KHAMENE'I RETURNS FROM DUBAYY, INDIA 26 FEB

GF270452 Tehran International Service in Arabic 0400 GMT 27 Feb 81

[Excerpts] Friday prayers will be held as usual throughout the Islamic Republic of Iran today.

In Qom, the city of revolution, blood and martyrdom, Friday prayers will be led by the great struggler and jurisconsult, His Eminence Ayatollah Montazeri. In Tehran, whose struggling and heroic citizens have destroyed Satan's throne and cleansed their land of the filth of the agents of U.S. imperialism and the traitors to the oppressed Muslim people, Friday prayers will be led by the struggler, His Eminence Hojjat ol-Eslam val Moslemin Seyyed 'Ali Khamene'i.

Hojjat ol-Eslam Khamene'i returned to Tehran from Dybayy yesterday at the end of a 2-day visit. His visit to Dubayy was preceded by a longer visit to Indian, in which he explained the aims, stands and policies of the Islamic revolution of Iran and communicated the call of Iran's revolutionary people and committed government to Indian officials, intellectuals, scholars and religious figures, Iranian students in India and the masses of the great Indian people.

The Islamic revolution delegation that was led by Tehran Friday Imam Hojjat ol-Eslam Khamene'i was warmly welcomed throughout India. Despite the silence maintained by the press and media in India, the delegation succeeded in informing Indian public opinion and officials of some of the facts about Islamic Iran.

KHAMENE'I BRIEFS KHOMEYNI ON RESULTS OF INDIA TRIP

GF271120 Tehran International Service in Arabic 1100 GMT 27 Feb 81

[Text] The leader of the revolution and founder of the Islamic Republic of Iran, Imam Khomeyni, today received Tehran Friday Imam Hojjat ol-Eslam val Moslemin Seyyed 'Ali Khamene'i, who led the Islamic Republic of Iran's delegation to India to explain the Islamic revolution's stand and goals, as well as the delegation that accompanied him on this visit.

BHUTTO'S WIDOW ARRESTED AT GATHERING IN PUNJAB

BK270702 Karachi Domestic Service in Urdu 0200 GNT 27 Feb 81

[Text] The ASSOCIATED PRESS of PAKISTAN, quoting a Punjab Government spokesman, reports that a political gathering was held at 4 (Shian) Road, Lahore, in violation of the martial law regulations.

The spokesman said that participants in the gathering also came out in the street and raised objectionable slogans. The spokesman said that at this juncture these people were stopped and 87 people were arrested, including Begum Nusrat Bhutto [widow of former Prime Minister Bulfigar Ali Bhutto] and Meraj Mohammad Khan [prominent leader of the defunct Pakistan People's Party]. Begum Bhutto has been expelled from Punjab and she has now arrived in Karachi.

According to another AFP report, Miss Benazir [daughter of former Prime Minister Zulfiqar Ali Bhutto] has been banned from entering Punjab for 90 days.

DELHI REPORTS ARRESTS, CLASHES IN PAKISTAN

BK261604 Delhi Domestic Service in English 1530 GMT 26 Feb 81

[Text] About 100 members of the Pakistan People's Party were arrested today following a crackdown on opposition parties by the military authorities. The Pakistani Government started mass arrests earlier this month, when nine opposition parties demanded the lifting of martial law and called for elections within 3 months.

Meanwhile, one student was killed and another seriously injured in a clash between right and leftwing students during an anti-government demonstration at Karachi University today.

An agency report from Islamabad says that the central action committee of the newly formed Movement for the Restoration of Democracy in Pakistan had its first meeting in the capital of Punjab today. After attending the meeting, chief of the Pakistan Muslim League Khwaja Khairuddin told the news agency that leaders of the nine political parties have decided to organize strikes, civil disobedience, campaigns and demonstrations to force the army to hand over power.

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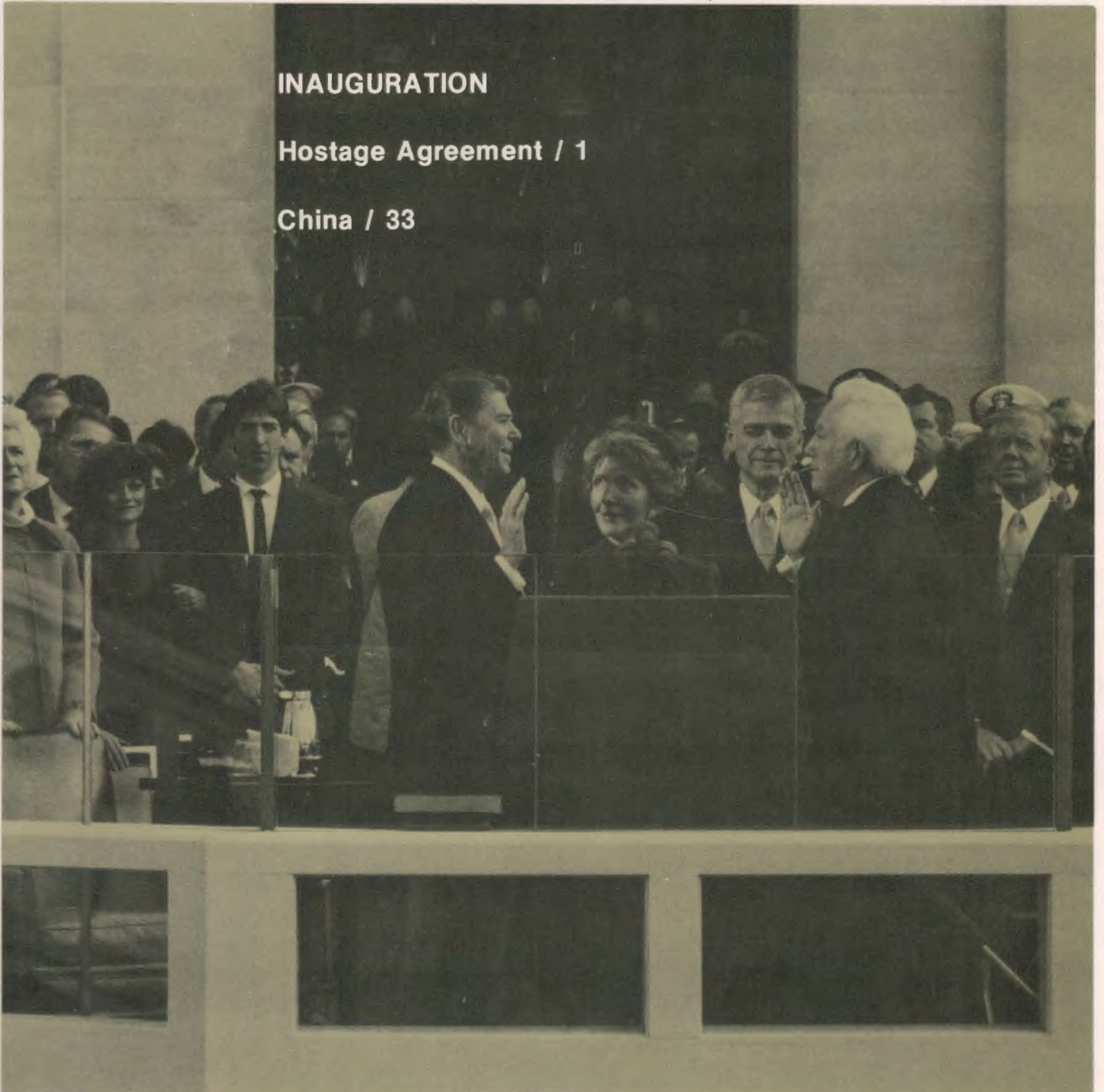
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Department of State *bulletin*

Volume 81 / Number 2047 / February 1981

Cover Photo:

Ronald Wilson Reagan takes the oath of office as the 40th President of the United States on January 20, 1981. Chief Justice Warren Burger (right) administers the oath while Mrs. Reagan and Senator Mark Hatfield witness the event.

(White House photo by Bill Fitz-Patrick)

The DEPARTMENT OF STATE BULLETIN, published by the Office of Public Communication in the Bureau of Public Affairs, is the official record of U.S. foreign policy. Its purpose is to provide the public, the Congress, and government agencies with information on developments in U.S. foreign relations and the work of the Department of State and the Foreign Service.

The BULLETIN's contents include major addresses and news conferences of the President and the Secretary of State; statements made before congressional committees by the Secretary and other senior State Department officials; special features and articles on international affairs; selected press releases issued by the White House, the Department, and the U.S. Mission to the United Nations; and treaties and other agreements to which the United States is or may become a party.

The Secretary of State has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Department. Use of funds for printing this periodical has been approved by the Director of the Office of Management and Budget through January 31, 1986.

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For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402
Price: 12 issues plus annual index—
\$19.00 (domestic) \$23.75 (foreign)
Single copy— \$3.25 (domestic) \$4.10 (foreign)
Index, single copy— \$2.25 (domestic) \$2.85 (foreign)

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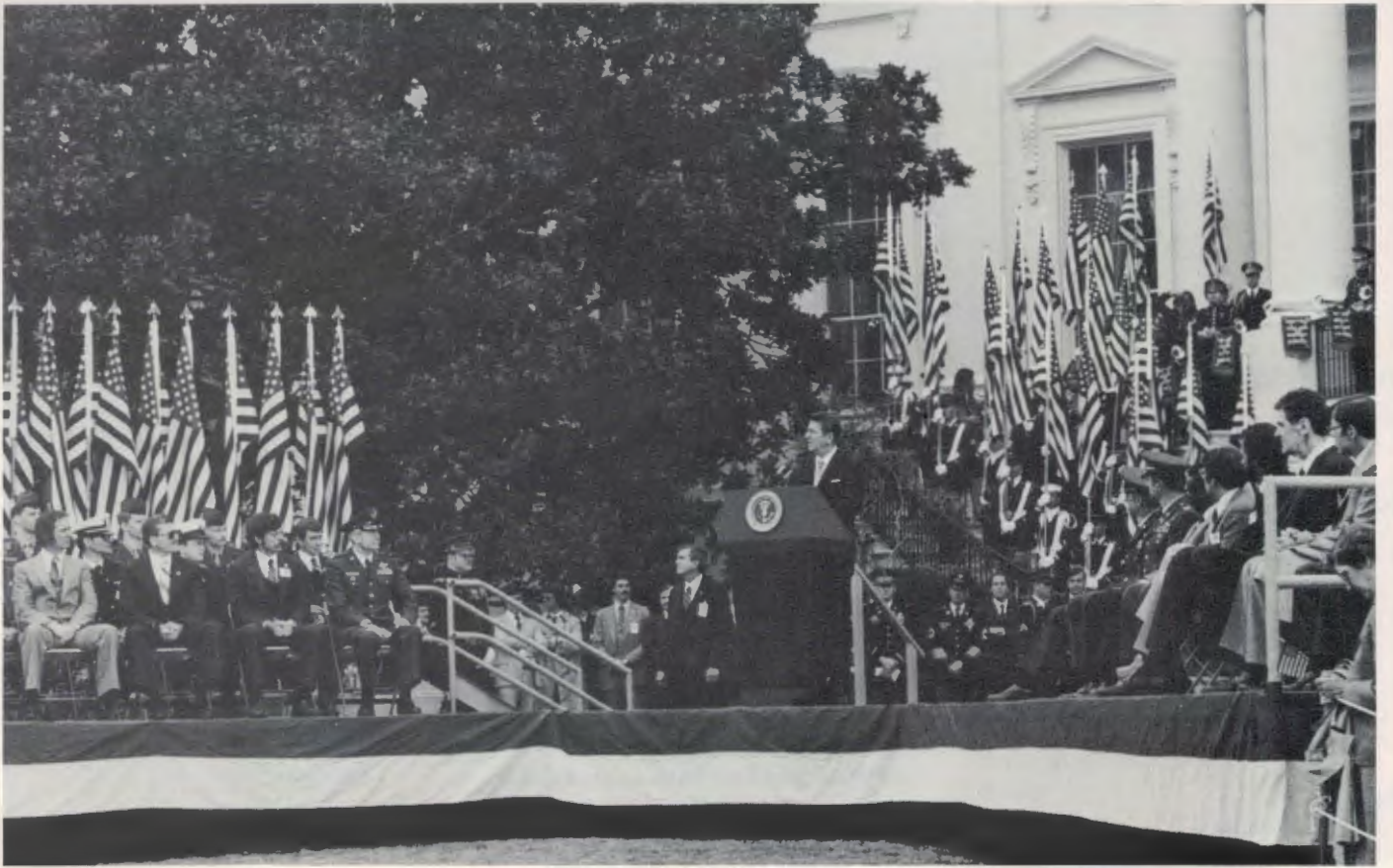
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SPECIAL (See Center Section)

- The Inaugural Address of President Reagan
- Secretary-Designate Haig Appears Before Senate Foreign Relations Committee
- Secretary Haig's News Conference of January 28



At a ceremony on the South Lawn of the White House on January 27, 1981, President Reagan officially welcomes 53 Americans who had been held hostage in Iran.

Agreement on the Release of the American Hostages

Following are announcements by President Carter and Secretary Muskie on the release of the 52 American hostages from Iran; two declarations of the Algerian Government initialed in Algiers by Deputy Secretary Christopher concerning the commitments made by the Governments of Iran and the United States and the settlement of claims; undertakings of the Governments of Iran and the United States with respect to the declaration; the escrow agreement; two statements of adherence by President Carter; ten Executive orders; President Carter's message to the Congress; the technical arrangement between the Central Bank of Algeria and the Bank of England and the Federal Reserve Bank of New York; a special briefing by former Secretary Muskie, former Treasury Secretary G. William Miller, and former Attorney General Benjamin Civiletti; and remarks by President Reagan and L. Bruce Laingen.

PRESIDENT CARTER'S ANNOUNCEMENT, JAN. 19, 1981, 4:56 AM (EST), THE WHITE HOUSE¹

The President: I know you've been up all night with me and I appreciate that very much.

We have now reached an agreement with Iran which will result, I believe, in the freedom of our American hostages. The last documents have now been signed in Algiers following the signing of the documents in Iran which will result in this agreement. We still have a few documents to sign before the money is actually transferred and the hostages are released.

The essence of the agreement is that following the release of our hostages then we will unfreeze and transfer to the Iranians a major part of the assets which were frozen by me when the Iranians seized our embassy compound and took our hostages.

We have also reached complete agreement on the arbitration procedures between ourselves and Iran with the help of the Algerians which will resolve the claims that exist between residents of our nation and Iran and vice-versa.

I particularly want to express my public thanks, as I have already done privately, to the Algerians, to their President, their Foreign Minister, Ben Yahia, and to the three-man negotiating teams who have done such a superb job in fair and equitable arbitration between ourselves and the officials of Iran. We don't yet know exactly how fast this procedure will go. We are prepared to move as

rapidly as possible. All the preparations have been completed pending the final documents being signed.

I will have more to say to you when our American hostages are actually free. In the meantime, Jody Powell will stay in close touch with developments, working with the Secretary of State, the Secretary of the Treasury, my legal counsel, Lloyd Cutler; I'm talking frequently with Warren Christopher in Algiers and Jody Powell will keep you informed about developments. Thank you very much.

Q. How do you feel personally about having the hostages out before you leave office?

The President: I'll wait until the hostages are released and then I'll have another statement to make.

SECRETARY MUSKIE'S ANNOUNCEMENT, JAN. 19, 1981²

To My Colleagues in the Foreign Service

The long and anguishing ordeal of our colleagues held captive in Iran is almost over.

They will soon be free. They will soon be home.

They will be released on terms entirely consistent with our national honor.

But our celebration of their release is muted by the suffering that has been so bravely endured.

This has been a time of terrible trial—not only for our people held captive and their families, but for their friends and colleagues throughout this building and government.

The unrelenting and selfless efforts of so many of you have finally achieved success. I congratulate and thank you for these efforts. And I commend the Foreign Service as a whole for its dedication and discipline throughout this period. Your caring, your efforts, your wise advice have once again demonstrated the high standards of professionalism in a Service the nation is so fortunate to have.

EDMUND S. MUSKIE

DECLARATIONS, JAN. 19, 1981²

DECLARATION OF THE GOVERNMENT OF THE DEMOCRATIC AND POPULAR REPUBLIC OF ALGERIA

The Government of the Democratic and Popular Republic of Algeria, having been requested by the Governments of the Islamic Republic of Iran and the United States of America to serve as an intermediary in seeking a mutually acceptable resolution of the crisis in their relations arising out of the detention of the 52 United States nationals in Iran, has consulted extensively with the two governments as to the commitments which each is willing to make in order to resolve the crisis within the framework of the four points stated in the resolution of November 2, 1980, of the Islamic Consultative Assembly of Iran. On the basis of formal adherences received from Iran and the United States, the Government of Algeria now declares that the following interdependent commitments have been made by the two governments:

GENERAL PRINCIPLES

The undertakings reflected in this Declaration are based on the following general principles:

A. Within the framework of and pursuant to the provisions of the two Declarations of the Government of the Democratic and Popular Republic of Algeria, the United States will restore the financial position of Iran, in so far as possible, to that which existed prior to November 14, 1979. In this context, the United States commits itself to ensure the mobility and free transfer of all Iranian assets within its jurisdiction, as set forth in Paragraphs 4-9.

B. It is the purpose of both parties, within the framework of and pursuant to the provisions of the two Declarations of the Government of the Democratic and Popular Republic of Algeria, to terminate all litigation as between the Government of each party and the nationals of the other, and to bring about the settlement and termination of all such claims through binding arbitration. Through the procedures provided in the Declaration, relating to the Claims Settlement Agreement, the United States agrees to terminate all legal proceedings in United States courts involving claims of United States persons and institutions against Iran and its state enterprises, to nullify all attachments and judgments obtained therein, to prohibit all further litigation based on such claims, and to bring about the termination of such claims through binding arbitration.

Point I: Non-Intervention in Iranian Affairs

1. The United States pledges that it is and from now on will be the policy of the United States not to intervene, directly or indirectly, politically or militarily, in Iran's internal affairs.

Points II and III: Return of Iranian Assets and Settlements of U.S. Claims

2. Iran and the United States (hereinafter "the parties") will immediately select a mutually agreeable central bank (hereinafter "the Central Bank") to act, under the instructions of the Government of Algeria and the Central Bank of Algeria (hereinafter "the Algerian Central Bank") as depositary of the escrow and security funds hereinafter prescribed and will promptly enter into depositary arrangements with the Central Bank in accordance with the terms of this declaration. All funds placed in escrow with the Central Bank pursuant to this declaration shall be held in an account in the name of the Algerian Central Bank. Certain procedures for implementing the obligations set forth in this Declaration and in the Declaration of the Democratic and Popular Republic of Algeria concerning the settlement of claims by the Government of the United States and the Government of the Islamic Republic of Iran (hereinafter "the Claims Settlement Agreement") are separately set forth in certain Undertakings of the Government of the

United States of America and the Government of the Islamic Republic of Iran with respect to the Declaration of the Democratic and Popular Republic of Algeria.

3. The depositary arrangements shall provide that, in the event that the Government of Algeria certifies to the Algerian Central Bank that the 52 U.S. nationals have safely departed from Iran, the Algerian Central Bank will thereupon instruct the Central Bank to transfer immediately all monies or other assets in escrow with the Central Bank pursuant to this declaration, provided that at any time prior to the making of such certification by the Government of Algeria, each of the two parties, Iran and the United States, shall have the right on seventy-two hours notice to terminate its commitments under this declaration.

If such notice is given by the United States and the foregoing certification is made by the Government of Algeria within the seventy-two hour period of notice, the Algerian Central Bank will thereupon instruct the Central Bank to transfer such monies and assets. If the seventy-two hour period of notice by the United States expires without such a certification having been made, or if the notice of termination is delivered by Iran, the Algerian Central Bank will thereupon instruct the Central Bank to return all such monies and assets to the United States, and thereafter the commitments reflected in this declaration shall be of no further force and effect.

ASSETS IN THE FEDERAL RESERVE BANK

4. Commencing upon completion of the requisite escrow arrangements with the Central Bank, the United States will bring about the transfer to the Central Bank of all gold bullion which is owned by Iran and which is in the custody of the Federal Reserve Bank of New York, together with all other Iranian assets (or the cash equivalent thereof) in the custody of the Federal Reserve Bank of New York, to be held by the Central Bank in escrow until such time as their transfer or return is required by Paragraph 3 above.

ASSETS IN FOREIGN BRANCHES OF U.S. BANKS

5. Commencing upon the completion of the requisite escrow arrangements with the Central Bank, the United States will bring about the transfer to the Central Bank, to the account of the Algerian Central Bank, of all Iranian deposits and securities which on or after November 14, 1979, stood upon the books of overseas banking offices of U.S. banks, together with interest thereon through December 31, 1980, to be held by the Central Bank, to the account of the Algerian Central Bank, in escrow until such time as their transfer or return is required in accordance with Paragraph 3 of this Declaration.

ASSETS IN U.S. BRANCHES OF U.S. BANKS

6. Commencing with the adherence by Iran and the United States to this declaration and the claims settlement agreement attached hereto, and following the conclusion of arrangements with the Central Bank for the establishment of the interest-bearing security account specified in that agreement and Paragraph 7 below, which arrangements will be concluded within 30 days from the date of this Declaration, the United States will act to bring about the transfer to the Central Bank, within six months from such date, of all Iranian deposits and securities in U.S. banking institutions in the United States, together with interest thereon, to be held by the Central Bank in escrow until such time as their transfer or return is required by Paragraph 3.

7. As funds are received by the Central Bank pursuant to Paragraph 6 above, the Algerian Central Bank shall direct the Central Bank to (1) transfer one-half of each such receipt to Iran and (2) place the other half in a special interest-bearing security account in the Central Bank, until the balance in the security account has reached the level of \$1 billion. After the \$1 billion balance has been achieved, the Algerian Central Bank shall direct all funds received pursuant to Paragraph 6 to be transferred to Iran. All funds in the security account are to be used for the sole purpose of securing the payment of, and paying, claims against Iran in accordance with the claims settlement agreement. Whenever the Central Bank shall thereafter notify Iran that the balance in the security account has fallen below \$500 million, Iran shall promptly make new deposits sufficient to maintain a minimum balance of \$500 million in the account. The account shall be so maintained until the President of the Arbitral Tribunal established pursuant to the claims settlement agreement has certified to the Central Bank of Algeria that all arbitral awards against Iran have been satisfied in accordance with the claims settlement agreement, at which point any amount remaining in the security account shall be transferred to Iran.

OTHER ASSETS IN THE U.S. AND ABROAD

8. Commencing with the adherence of Iran and the United States to this declaration and the attached claims settlement agreement and the conclusion of arrangements for the establishment of the security account, which arrangements will be concluded within 30 days from the date of this Declaration, the United States will act to bring about the transfer to the Central Bank of all Iranian financial assets (meaning funds or securities) which are located in the United States and abroad, apart from those assets referred to in Paragraph 5 and 6 above, to be held by the Central Bank in escrow until their transfer or return is required by Paragraph 3 above.

9. Commencing with the adherence by Iran and the United States to this declaration and the attached claims settlement agreement and the making by the Government of Algeria of the certification described in Paragraph 3 above, the United States will arrange, subject to the provisions of U.S. law applicable prior to November 14, 1979, for the transfer to Iran of all Iranian properties which are located in the United States and abroad and which are not within the scope of the preceding paragraphs.

NULLIFICATION OF SANCTIONS AND CLAIMS

10. Upon the making by the Government of Algeria of the certification described in Paragraph 3 above, the United States will revoke all trade sanctions which were directed against Iran in the period November 4, 1979, to date.

11. Upon the making by the Government of Algeria of the certification described in Paragraph 3 above, the United States will promptly withdraw all claims now pending against Iran before the International Court of Justice and will thereafter bar and preclude the prosecution against Iran of any pending or future claim of the United States or a United States national arising out of events occurring before the date of this declaration related to (A) the seizure of the 52 United States nationals on November 4, 1979, (B) their subsequent detention, (C) injury to United States property or property of the United States nationals within the United States Embassy compound in Tehran after November 3, 1979, and (D) injury to the United States nationals or their property as a result of popular movements in the course of the Islamic Revolution in Iran which were not an act of the Government of Iran. The United States will also bar and preclude the prosecution against Iran in the courts of the United States of any pending or future claim asserted by persons other than the United States nationals arising out of the events specified in the preceding sentence.

Point IV: Return of the Assets of the Family of the Former Shah

12. Upon the making by the Government of Algeria of the certification described in Paragraph 3 above, the United States will freeze, and prohibit any transfer of, property and assets in the United States within the control of the estate of the former Shah or of any close relative of the former Shah served as a defendant in U.S. litigation brought by Iran to recover such property and assets as belonging to Iran. As to any such defendant, including the estate of the former Shah, the freeze order will remain in effect until such litigation is finally terminated. Violation of the freeze order shall be subject to the civil and criminal penalties prescribed by U.S. law.

13. Upon the making by the Government of Algeria of the certification described in Paragraph 3 above, the United States will

order all persons within U.S. jurisdiction to report to the U.S. Treasury within 30 days, for transmission to Iran, all information known to them, as of November 3, 1979, and as of the date of the order, with respect to the property and assets referred to in Paragraph 12. Violation of the requirement will be subject to the civil and criminal penalties prescribed by U.S. law.

14. Upon the making by the Government of Algeria of the certification described in Paragraph 3 above, the United States will make known, to all appropriate U.S. courts, that in any litigation of the kind described in Paragraph 12 above the claims of Iran should not be considered legally barred either by sovereign immunity principles or by the act of state doctrine and that Iranian decrees and judgments relating to such assets should be enforced by such courts in accordance with United States law.

15. As to any judgment of a U.S. court which calls for the transfer of any property or assets to Iran, the United States hereby guarantees the enforcement of the final judgment to the extent that the property or assets exist within the United States.

16. If any dispute arises between the parties as to whether the United States has fulfilled any obligation imposed upon it by Paragraphs 12-15, inclusive, Iran may submit the dispute to binding arbitration by the tribunal established by, and in accordance with the provisions of, the claims settlement agreement. If the tribunal determines that Iran has suffered a loss as a result of a failure by the United States to fulfill such obligation, it shall make an appropriate award in favor of Iran which may be enforced by Iran in the courts of any nation in accordance with its laws.

SETTLEMENT OF DISPUTES

17. If any other dispute arises between the parties as to the interpretation or performance of any provision of this declaration, either party may submit the dispute to binding arbitration by the tribunal established by, and in accordance with the provisions of, the claims settlement agreement. Any decision of the tribunal with respect to such dispute, including any award of damages to compensate for a loss resulting from a breach of this declaration or the claims settlement agreement, may be enforced by the prevailing party in the courts of any nation in accordance with its laws.

Initialed on January 19, 1981

by Warren M. Christopher
Deputy Secretary of State
of the Government of the United States
By virtue of the powers vested in him by his
Government as deposited with the
Government of Algeria

DECLARATION OF THE GOVERNMENT OF THE DEMOCRATIC AND POPULAR REPUBLIC OF ALGERIA CONCERNING THE SETTLEMENT OF CLAIMS BY THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF IRAN

The Government of the Democratic and Popular Republic of Algeria, on the basis of formal notice of adherence received from the Government of the Islamic Republic of Iran and the Government of the United States of America, now declares that Iran and the United States have agreed as follows:

ARTICLE I

Iran and the United States will promote the settlement of the claims described in Article II by the parties directly concerned. Any such claims not settled within six months from the date of entry into force of this agreement shall be submitted to binding third-party arbitration in accordance with the terms of this agreement. The aforementioned six months' period may be extended once by three months at the request of either party.

ARTICLE II

1. An International Arbitral Tribunal (the Iran-United States Claims Tribunal) is hereby established for the purpose of deciding claims of nationals of the United States against Iran and claims of nationals of Iran against the United States, and any counterclaim which arises out of the same contract, transaction or occurrence that constitutes the subject matter of that national's claim, if such claims and counterclaims are outstanding on the date of this agreement, whether or not filed with any court, and arise out of debts, contracts (including transactions which are the subject of letters of credit or bank guarantees), expropriations or other measures affecting property rights, excluding claims described in Paragraph 11 of the Declaration of the Government of Algeria of January 19, 1981, and claims arising out of the actions of the United States in response to the conduct described in such paragraph, and excluding claims arising under a binding contract between the parties specifically providing that any disputes thereunder shall be within the sole jurisdiction of the competent Iranian courts in response to the Majlis position.

2. The Tribunal shall also have jurisdiction over official claims of the United States and Iran against each other arising out of contractual arrangements between them for the purchase and sale of goods and services.

3. The Tribunal shall have jurisdiction, as specified in Paragraphs 16-17 of the Declaration of the Government of Algeria of January 19, 1981 over any dispute as to the interpretation or performance of any provision of that declaration.

ARTICLE III

1. The Tribunal shall consist of nine members or such larger multiple of three as Iran and the United States may agree are necessary to conduct its business expeditiously. Within ninety days after the entry into force of this agreement, each government shall appoint one-third of the members. Within thirty days after their appointment, the members so appointed shall by mutual agreement select the remaining third of the members and appoint one of the remaining third President of the Tribunal. Claims may be decided by the full Tribunal or by a panel of three members of the Tribunal as the President shall determine. Each such panel shall be composed by the President and shall consist of one member appointed by each of the three methods set forth above.

2. Members of the Tribunal shall be appointed and the Tribunal shall conduct its business in accordance with the arbitration rules of the United Nations Commission on International Trade Law (UNCITRAL) except to the extent modified by the parties or by the Tribunal to ensure that this agreement can be carried out. The UNCITRAL rules for appointing members of three-member Tribunals shall apply *mutatis mutandis* to the appointment of the Tribunal.

3. Claims of nationals of the United States and Iran that are within the scope of this agreement shall be presented to the Tribunal either by claimants themselves, or, in the case of claims of less than \$250,000, by the Government of such national.

4. No claim may be filed with the Tribunal more than one year after the entry into force of this agreement or six months after the date the President is appointed, whichever is later. These deadlines do not apply to the procedures contemplated by Paragraphs 16 and 17 of the Declaration of the Government of Algeria of January 19, 1981.

ARTICLE IV

1. All decisions and awards of the Tribunal shall be final and binding.

2. The President of the Tribunal shall certify, as prescribed in Paragraph 7 of the Declaration of the Government of Algeria of January 19, 1981, when all arbitral awards under this agreement have been satisfied.

3. Any award which the Tribunal may render against either government shall be enforceable against such government in the courts of any nation in accordance with its laws.

ARTICLE V

The Tribunal shall decide all cases on the basis of respect for law, applying such choice of law rules and principles of commercial and international law as the Tribunal determines to be applicable, taking into account relevant

usages of the trade, contract provisions and changed circumstances.

ARTICLE VI

1. The seat of the Tribunal shall be The Hague, The Netherlands, or any other place agreed by Iran and the United States.

2. Each government shall designate an agent at the seat of the Tribunal to represent it to the Tribunal and to receive notices or other communications directed to it or to its nationals, agencies, instrumentalities, or entities in connection with proceedings before the Tribunal.

3. The expenses of the Tribunal shall be borne equally by the two governments.

4. Any question concerning the interpretation or application of this agreement shall be decided by the Tribunal upon the request of either Iran or the United States.

ARTICLE VII

For the purposes of this agreement:

1. A "national" of Iran or of the United States, as the case may be, means (a) a natural person who is a citizen of Iran or the United States; and (b) a corporation or other legal entity which is organized under the laws of Iran or the United States or any of its states or territories, the District of Columbia or the Commonwealth of Puerto Rico, if, collectively, natural persons who are citizens of such country hold, directly or indirectly, an interest in such corporation or entity equivalent to fifty per cent or more of its capital stock.

2. "Claims of nationals" of Iran or the United States, as the case may be, means claims owned continuously, from the date on which the claim arose to the date on which this agreement enters into force, by nationals of that state, including claims that are owned indirectly by such nationals through ownership of capital stock or other proprietary interests in juridical persons, provided that the ownership interests of such nationals, collectively, were sufficient at the time the claim arose to control the corporation or other entity, and provided, further, that the corporation or other entity is not itself entitled to bring a claim under the terms of this agreement. Claims referred to the Arbitral Tribunal shall, as of the date of filing of such claims with the Tribunal, be considered excluded from the jurisdiction of the courts of Iran, or of the United States, or of any other court.

3. "Iran" means the Government of Iran, any political subdivision of Iran, and any agency, instrumentality, or entity controlled by the Government of Iran or any political subdivision thereof.

4. The "United States" means the Government of the United States, any political subdivision of the United States, any agency, instrumentality or entity controlled by the Government of the United States or any political subdivision thereof.

ARTICLE VIII

This agreement shall enter into force when the Government of Algeria has received from both Iran and the United States a notification of adherence to the agreement.

Initialed on January 19, 1981

by Warren M. Christopher Deputy Secretary of State of the Government of the United States By virtue of the powers vested in him by his Government as deposited with the Government of Algeria

UNDERTAKINGS

JAN. 19, 1981³

UNDERTAKINGS OF THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF IRAN WITH RESPECT TO THE DECLARATION OF THE GOVERNMENT OF THE DEMOCRATIC AND POPULAR REPUBLIC OF ALGERIA

1. At such time as the Algerian Central Bank notifies the Governments of Algeria, Iran, and the United States that it has been notified by the Central Bank that the Central Bank has received for deposit in dollar, gold bullion, and securities accounts in the name of the Algerian Central Bank, as escrow agent, cash and other funds, 1,632,917.779 ounces of gold (valued by the parties for this purpose at \$0.9397 billion), and securities (at face value) in the aggregate amount of \$7.955 billion, Iran shall immediately bring about the safe departure of the 52 U.S. nationals detained in Iran. Upon the making by the Government of Algeria of the certification described in Paragraph 3 of the Declaration, the Algerian Central Bank will issue the instructions required by the following paragraph.

2. Iran having affirmed its intention to pay all its debts and those of its controlled institutions, the Algerian Central Bank acting pursuant to Paragraph 1 above will issue the following instructions to the Central Bank:

(A) To transfer \$3.667 billion to the Federal Reserve Bank of New York to pay the unpaid principal of and interest through December 31, 1980 on (1) all loans and credits made by a syndicate of banking institutions, of which a U.S. banking institution is a member, to the Government of Iran, its agencies, instrumentalities or controlled entities, and (2) all loans and credits made by such a syndicate which are guaranteed by the Government of Iran or any of its agencies, instrumentalities or controlled entities.

(B) To retain \$1.418 billion in the escrow account for the purpose of paying the unpaid principal of the interest owing, if any, on the loans and credits referred to in Paragraph (A) after application of the \$3.667 billion and on all other indebtedness held by United States banking institutions of, or guaranteed by, the Government of Iran, its agencies, instrumentalities or controlled entities not previously paid and for the purpose of paying disputed amounts of deposits, assets, and interests, if any, owing on Iranian deposits in U.S. banking institutions. Bank Markazi and the appropriate United States banking institutions shall promptly meet in an effort to agree upon the amounts owing.

In the event of such agreement, the Bank Markazi and the appropriate banking institution shall certify the amount owing to the Central Bank of Algeria which shall instruct the

Bank of England to credit such amount to the account, as appropriate, of the Bank Markazi or of the Federal Reserve Bank of New York in order to permit payment to the appropriate banking institution. In the event that within 30 days any U.S. banking institution and the Bank Markazi are unable to agree upon the amounts owed, either party may refer such dispute to binding arbitration by such international arbitration panel as the parties may agree, or failing such agreement within 30 additional days after such reference, by the Iran-United States Claims Tribunal. The presiding officer of such panel or tribunal shall certify to the Central Bank of Algeria the amount, if any, determined by it to be owed, whereupon the Central Bank of Algeria shall instruct the Bank of England to credit such amount to the account of the Bank Markazi or of the Federal Reserve Bank of New York in

order to permit payment to the appropriate banking institution. After all disputes are resolved either by agreement or by arbitration award and appropriate payment has been made, the balance of the funds referred to in this Paragraph (B) shall be paid to Bank Markazi.

(C) To transfer immediately to, or upon the order of, the Bank Markazi all assets in the escrow account in excess of the amounts referred to in Paragraphs (A) and (B).

Initialed on January 19, 1981

by Warren M. Christopher
Deputy Secretary of State
of the Government of the United States
By virtue of the powers vested in him by his Government as deposited with the Government of Algeria

Iran Chronology, December 1980

December 1

Deputy Secretary Christopher, accompanied by the same delegation that went to Algiers with him on Nov. 10-11, departs for Algiers to meet with Foreign Minister Mohammed Benyahia and to brief Algerian intermediaries thoroughly on the "clarifications" that Iran requested on the original U.S. response to its conditions for release of hostages.

December 2

U.S. reply to Iran clarifying U.S. position on release of the hostages is delivered to Algerian intermediaries.

December 4

Through Algerian intermediaries, U.S. asks Iran to speed up discussions on releasing hostages to avoid delays if the crisis is not resolved before the inauguration. The U.S. also emphasizes to Iranian officials that President-elect Reagan supports the U.S. position, and the Iranians must understand that if the issue is not settled by January 20, more time will be needed to resolve the crisis because the new Administration will have to select new negotiators and review current policy.

December 11

In Beirut, a leftist newspaper, *As Safir*, reports that the hostages would be released on Christmas day; however, the head of the Iranian hostage commission denies the report.

December 13

In Alexandria, Virginia, State Department officials brief hostages' families on negotiations with Iran. Deputy Secretary Christopher informs them that negotiations, through the intermediaries, are hampered by language problems.

December 15

Bani-Sadr emphasizes that the fate of the hostages rests on the U.S. unfreezing Iranian assets held in U.S. banks.

December 16

Khomeini approves Iran's "final answer" on conditions for releasing hostages. In Washington, U.S. officials caution against expecting any quick solution to the problem.

December 18

Iran's new terms for release of hostages are delivered to Algerian intermediaries.

December 19

In exchange for freeing the hostages Iran's new terms demand that the U.S.:

- Deposit Iranian funds frozen by President Carter in the Algerian Central Bank; and
- Return property owned by the late Shah and his family.

December 20

U.S. views Iran's conditions as unacceptable.

December 21

Iran demands \$24 billion in "guarantees" from the U.S. for recovery of its frozen assets and the late Shah's wealth.

December 22

Speaker of Iran's Parliament states hostages will be put on trial if the \$24 billion demand is not met.

December 25

For the second year, the hostages attend makeshift Christmas services. Monsignor Annibale Bungnini, the Papal Nuncio in Iran, helps officiate at the services.

Iranian TV broadcasts a brief film of the services but plans to release a longer film to distribute by satellite to American TV networks on which hostages are said to send greetings to families and messages to U.S. Government.

December 26

Algerian Ambassador to Tehran, Abdelkarim Gheraieb, visits the 52 hostages and finds them "all in good health and the conditions of their present existence satisfactory."

CBS and Cable News Network televise remarks of 20 of the 52 hostages made on Christmas day in Iran.

Iranian authorities release film of 15 more hostages raising the number shown to 41. Iranian officials state that the remaining 11 not appearing chose not to do so.

Algerian delegation arrives in Washington.

Secretary Muskie meets with Algerian intermediaries to discuss keeping the indirect negotiations with Iran open. Intermediaries encourage Carter Administration to keep negotiations going.

December 28

After Iran publicizes portions of recent exchanges, the U.S. publicizes formal proposals sent to Iran over the last 2 months. Proposals and supporting material contained in three separate documents—one on November 11 and two on December 3—are issued.

December 29

U.S. releases response to Iranian Nov. 2 resolution.

U.S. tells Iran that its "basic position" will not change despite Iran's demand for financial guarantees in advance of freeing the hostages.

December 30

U.S. gives Algerians a "reformulation" of proposals giving Iran an opportunity to end the crisis during the Carter Administration.

December 31

Algerian intermediaries depart U.S. for Algiers. ■

ESCROW AGREEMENT

JAN. 19, 1981³

This Escrow Agreement is among the Government of the United States of America, the Federal Reserve Bank of New York (the "FED") acting as fiscal agent of the United States, Bank Markazi Iran, as an interested party, and the Banque Centrale d'Algerie acting as Escrow Agent.

This Agreement is made to implement the relevant provisions of the Declaration of the Government of Algeria of January 19, 1981 (the "Declaration"). These provisions concern the establishment of escrow arrangements for Iranian property tied to the release of United States nationals being held in Iran.

1. In accordance with the obligations set forth in paragraph 4 of the Declaration, and commencing upon the entry into force of this Agreement, the Government of the United States will cause the FED to:

(A) Sell, at a price which is the average for the middle of the market, bid and ask prices for the three business days prior to the sale, all U.S. Government securities in its custody or control as of the date of sale, which are owned by the Government of Iran, or its agencies, instrumentalities or controlled entities; and

(B) Transfer to the Bank of England as depositary for credit to accounts on its books in the name of the Banque Centrale d'Algerie, as Escrow Agent under this Agreement, all securities (other than the aforementioned U.S. Government securities), funds (including the proceeds from the sale of the aforementioned U.S. Government securities), and gold bullion of not less than the same fineness and quality as that originally deposited by the Government of Iran, or its agencies, instrumentalities or controlled entities, which are in the custody or control of the FED and owned by the Government of Iran, or its agencies, instrumentalities or controlled entities as of the date of such transfer.

When the FED transfers the above Iranian property to the Bank of England, the FED will promptly send to the Banque Centrale d'Algerie a document containing all information necessary to identify that Iranian property (type, source, character as principal or interest).

Specific details relating to securities, funds and gold bullion to be transferred by the FED under this paragraph 1 are attached as Appendix A.

2. Pursuant to the obligations set forth in paragraphs 5, 6 and 8 of the Declaration, the Government of the United States will cause Iranian deposits and securities in foreign branches and offices of United States banks, Iranian deposits and securities in domestic branches and offices of United States banks, and other Iranian assets (meaning funds or securities) held by persons or institutions subject to the jurisdiction of the United States, to be transferred to the FED, as fiscal agent of the United States, and then by the FED to the Bank of England for credit to the account on

its books opened in the name of the Banque Centrale d'Algerie as Escrow Agent under this Agreement (the Iranian securities, funds and gold bullion mentioned in paragraph 1 above and deposits, securities and funds mentioned in this paragraph 2 are referred to collectively as "Iranian property").

3. Insofar as Iranian property is received by the Bank of England from the FED in accordance with this Agreement, the Iranian property will be held by the Bank of England in the name of the Banque Centrale d'Algerie as Escrow Agent as follows:

- The securities will be held in one or more securities custody accounts at the Bank of England in the name of the Banque Centrale d'Algerie as Escrow Agent under this Agreement.

- The deposits and funds will be held in one or more dollar accounts opened at the Bank of England in the name of Banque Centrale d'Algerie as Escrow Agent under this Agreement. These deposits and funds will bear interest at rates prevailing in money markets outside the United States.

- The gold bullion will be held in a gold bullion custody account at the Bank of England, in the name of the Banque Centrale d'Algerie as Escrow Agent under this Agreement.

- It will be understood that the Banque Centrale d'Algerie shall have no liability for any reduction in the value of the securities, bullion, and monies held in its name as Escrow Agent at the Bank of England under the provisions of this Agreement.

4. (a) As soon as the Algerian Government certifies in writing to the Banque Centrale d'Algerie that all 52 United States nationals identified in the list given by the United States Government to the Algerian Government in November, 1980, now being held in Iran, have safely departed from Iran, the Banque Centrale d'Algerie will immediately give the instructions to the Bank of England specifically contemplated by the provisions of the Declaration and the Undertakings of the Government of the United States of America and the Government of the Islamic Republic of Iran with respect to the Declaration of the Government of the Democratic and Popular Republic of Algeria, which are made part of this Agreement. The contracting parties resolve to work in good faith to resolve any difficulty that could arise in the course of implementing this Agreement.

(b) In the event that

(i) either the Government of Iran or the Government of the United States notifies the Government of Algeria in writing that it has given notice to terminate its commitments under the Declaration referred to above, and

(ii) a period of 72 hours elapses after the receipt by the Government of Algeria of such notice, during which period the Banque Centrale d'Algerie has not given the Bank of England the instruction described in subparagraph (a) above, the Banque Centrale

d'Algerie will immediately give the instructions to the Bank of England specifically contemplated by the provisions of the Declaration and the Undertakings of the Government of the United States of America and the Government of the Islamic Republic of Iran with respect to the Declaration of the Government of the Democratic and Popular Republic of Algeria.

(c) If the certificate by the Government of Algeria referred to in subparagraph (a) has been given before the United States Government has effectively terminated its commitment under the Declaration, the Iranian property shall be transferred as provided in subparagraph (a) of this paragraph 4.

(d) The funds and deposits held by the Bank of England under this Agreement will earn interest at rates prevailing in money markets outside the United States after their transfer to the account of the Banque Centrale d'Algerie, as Escrow Agent, with the Bank of England, and such interest will be included as part of the Iranian property for the purposes of subparagraphs (a) and (b) of this paragraph 4.

5. On the date of the signing of this Agreement by the four parties hereto, the Banque Centrale d'Algerie and the FED will enter into a Technical Arrangement with the Bank of England to implement the provisions of this Agreement.

Pursuant to that Technical Arrangement between the FED, the Bank of England and the Banque Centrale d'Algerie, the FED shall reimburse the Bank of England for losses and expenses as provided in paragraph 10 thereof. The FED will not charge the Banque Centrale d'Algerie for any expenses or disbursements related to the implementation of this Agreement.

6. This Agreement will become effective as soon as it has been signed by the four parties to it and the Banque Centrale d'Algerie and the FED have entered into the Technical Arrangement with the Bank of England referred to in paragraph 5 of this Agreement.

7. Throughout its duration, this Agreement may be amended, canceled, or revoked only with the written concurrence of all four of the signatory parties.

8. Nothing in this Agreement shall be considered as constituting, in whole or in part, a waiver of any immunity to which the Banque Centrale d'Algerie is entitled.

9. A French language version of this Agreement will be prepared as soon as practicable. The English and French versions will be equally authentic and of equal value.

10. This Agreement may be executed in counterparts, each of which constitutes an original.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement on January 20, 1981.

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA

WARREN M. CHRISTOPHER

FOR THE FEDERAL RESERVE BANK OF
NEW YORK
AS FISCAL AGENT OF THE UNITED
STATES

ERNEST T. PATRIKIS

FOR THE BANK MARKAZI IRAN

FOR THE BANQUE CENTRALE
D'ALGERIE

MOHAMED BESSEKHOUD

LAKHDAR BENOUDATF

APPENDIX A

Securities, Gold Bullion, and Funds to be transferred by the Federal Reserve Bank of New York

International Bank for Reconstruction and Development Securities	\$35 million (face value)
Gold Bullion	1,632,917.746 fine ounces of gold, good delivery, London bars of a fineness of 995 parts per 1,000 or better
Funds	Approximately \$1.38 billion

STATEMENTS OF ADHERENCE,
JAN. 19, 1981⁴

By the authority vested in me as President by the Constitution and laws of the United States, I hereby agree and adhere, on behalf of the United States of America, to the provisions of two Declarations that are being issued today by the Government of the Democratic and Popular Republic of Algeria relating to (1) the resolution of the current crisis between the United States and Iran arising out of the detention of the fifty-two United States nationals, and (2) the settlement of claims between the United States and Iran. The two Declarations shall constitute international agreements legally binding upon the United States and Iran upon the execution of an equivalent statement of agreement and adherence by the Islamic Republic of Iran and the delivery of both statements to the Government of the Democratic and Popular Republic of Algeria.

JIMMY CARTER

By the authority vested in me as President by the Constitution and laws of the United States, I hereby agree and adhere, on behalf of the United States of America, to the provisions of the Undertakings of the Government of the United States of America and the Government of the Islamic Republic of Iran with respect to the Declaration of the Government of the Democratic and Popular Republic of Algeria. These Undertakings shall constitute an international agreement

legally binding upon the United States and Iran upon the execution of an equivalent statement of agreement and adherence by the Islamic Republic of Iran and the delivery of both statements to the Government of the Democratic and Popular Republic of Algeria.

JIMMY CARTER

EXECUTIVE ORDERS,
JAN. 19, 1981⁴

Direction Relating to Establishment of
Escrow Accounts

By the authority vested in me as President by the Constitution and statutes of the United States, including Section 203 of the International Emergency Economic Powers Act (50 U.S.C. 1702), Section 301 of Title 3 of the United States Code, Section 1732 of Title 22 of the United States Code, and Section 301 of the National Emergencies Act (50 U.S.C. 1631), in view of the continuing unusual and extraordinary threat to the national security, foreign policy and economy of the United States upon which I based my declarations of national emergency in Executive Order 12170, issued November 14, 1979, and in Executive Order 12211, issued April 17, 1980, in order to implement agreements with the Government of Iran, as reflected in Declarations of the Government of the Democratic and Popular Republic of Algeria dated January 19, 1981, relating to the release of U.S. diplomats and nationals being held as hostages and to the resolution of claims of United States nationals against Iran, and to begin the process of normalization of relations between the United States and Iran, it is hereby ordered that as of the effective date of this Order:

1-101. The Secretary of the Treasury is authorized to enter into, and to license, authorize, direct, and compel any appropriate official and/or the Federal Reserve Bank of New York, as fiscal agent of the United States, to enter into escrow or related agreements with a foreign central bank and with the Central Bank of Algeria under which certain money and other assets, as and when directed by the Secretary of the Treasury, shall be credited by the foreign central bank to an escrow account on its books in the name of the Central Bank of Algeria, for transfer to the Government of Iran if and when the Central Bank of Algeria receives from the Government of Algeria a certification that the 52 U.S. diplomats and nationals being held hostage in Iran have safely departed from Iran. Such agreements shall include other parties and terms as determined by the Secretary of the Treasury to be appropriate to carry out the purposes of this Order.

1-102. The Secretary of the Treasury is authorized to license, authorize, direct, and compel the Federal Reserve Bank of New York, as fiscal agent of the United States, to

receive certain money and other assets in which Iran or its agencies, instrumentalities, or controlled entities have an interest and to hold or transfer such money and other assets, and any interest earned thereon, in such a manner as he deems necessary to fulfill the rights and obligations of the United States under the Declaration of the Government of the Democratic and Popular Republic of Algeria dated January 19, 1981, and the escrow and related agreements described in paragraph 1-101 of this Order. Such money and other assets may be held in interest-bearing form and where possible shall be invested with or through the entity holding the money or asset on the effective date of this Order.

1-103. Compliance with this Executive Order, any other Executive Order licensing, authorizing, directing or compelling the transfer of the assets referred to in paragraphs 1-101 and 1-102 of this Order, or any regulations, instructions, or directions issued thereunder shall to the extent thereof be a full acquittance and discharge for all purposes of the obligation of the person making the same. No person shall be held liable in any court for or with respect to anything done or omitted in good faith in connection with the administration of, or pursuant to and in reliance on, such orders, regulations, instructions, or directions.

1-104. The Attorney General shall seek to intervene in any litigation within the United States which arises out of this Order and shall, among other things, defend the legality of, and all actions taken pursuant to, each of its provisions.

1-105. The Secretary of the Treasury is delegated and authorized to exercise all functions vested in the President by the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*) to carry out the purposes of this Order.

1-106. This Order shall be effective immediately.

JIMMY CARTER

Direction to Transfer Iranian Government
Assets

By the authority vested in me as President by the Constitution and statutes of the United States, including Section 203 of the International Emergency Economic Powers Act (50 U.S.C. 1702), Section 301 of Title 3 of the United States Code, Section 1732 of Title 22 of the United States Code, and Section 301 of the National Emergencies Act (50 U.S.C. 1631), in view of the continuing unusual and extraordinary threat to the national security, foreign policy and economy of the United States upon which I based by declarations of national emergency in Executive Order 12170, issued November 14, 1979, and in Executive Order 12211, issued April 17, 1980, in order to implement agreements with the Government of Iran, as reflected in Declarations of the Government of the Democratic and Popular Republic of Algeria

dated January 19, 1981, relating to the release of U.S. diplomats and nationals being held as hostages and to the resolution of claims of United States nationals against Iran, and to begin the process of normalization of relations between the United States and Iran and in which Iran and the United States instruct and require that the assets described in this order shall be transferred as set forth below by the holders of such assets, it is hereby ordered that as of the effective date of this Order:

1-101. The Federal Reserve Bank of New York is licensed, authorized, directed, and compelled to transfer to accounts at the Bank of England, and subsequently to transfer to accounts at the Bank of England established pursuant to an escrow agreement approved by the Secretary of the Treasury, all gold bullion, and other assets (or the equivalent thereof) in its custody, of the Government of Iran, or its agencies, instrumentalities or controlled entities. Such transfers shall be executed when and in the manner directed by the Secretary of the Treasury. The Secretary of the Treasury is also authorized to license, authorize, direct, and compel the Federal Reserve Bank of New York to engage in whatever further transactions he deems appropriate and consistent with the purposes of this Order, including any transactions related to the return of such bullion and other assets pursuant to the escrow agreement.

1-102. (a) All licenses and authorizations for acquiring or exercising any right, power, or privilege, by court order, attachment, or otherwise, including the license contained in Section 535.504 of the Iranian Assets Control Regulations, with respect to the properties described in Section 1-101 of this Order are revoked and withdrawn.

(b) All rights, powers, and privileges relating to the properties described in Section 1-101 of this Order and which derive from any attachment, injunction, other like proceedings or process, or other action in any litigation after November 14, 1979, at 8:10 a.m. EST, including those derived from Section 535.504 of the Iranian Assets Control Regulations, other than rights, powers, and privileges of the Government of Iran and its agencies, instrumentalities, and controlled entities, whether acquired by court order or otherwise, are nullified, and all persons claiming any such right, power, or privilege are hereafter barred from exercising the same.

(c) All persons subject to the jurisdiction of the United States are prohibited from acquiring or exercising any right, power, or privilege, whether by court order or otherwise, with respect to the properties (and any income earned thereon) referred to in Section 1-101 of this Order.

1-103. Compliance with this Order, any other Executive Order licensing, authorizing, directing, or compelling the transfer of the assets described in section 1-101 of this Order, or any regulations, instructions, or directions issued thereunder shall to the ex-

tent thereof be a full acquittance and discharge for all purposes of the obligation of the person making the same. No person shall be held liable in any court for or with respect to anything done or omitted in good faith in connection with the administration of, or pursuant to and in reliance on, such orders, regulations, instructions, or directions.

1-104. The Attorney General shall seek to intervene in any litigation within the United States which arises out of this Order and shall, among other things, defend the legality of, and all actions taken pursuant to, each of its provisions.

1-105. The Secretary of the Treasury is delegated and authorized to exercise all functions vested in the President by the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*) to carry out the purposes of this Order.

1-106. This Order shall be effective immediately.

JIMMY CARTER

Direction to Transfer Iranian Government Assets Overseas

By the authority vested in me as President by the Constitution and statutes of the United States, including Section 203 of the International Emergency Economic Powers Act (50 U.S.C. 1702), Section 301 of Title 3 of the United States Code, Section 1732 of Title 22 of the United States Code, and Section 301 of the National Emergencies Act (50 U.S.C. 1631), in view of the continuing unusual and extraordinary threat to the national security, foreign policy and economy of the United States upon which I based my declarations of national emergency in Executive Order 12170, issued November 14, 1979, and in Executive Order 12211, issued April 17, 1980, in order to implement agreements with the Government of Iran, as reflected in Declarations of the Government of the Democratic and Popular Republic of Algeria dated January 19, 1981, relating to the release of U.S. diplomats and nationals being held as hostages and to the resolution of claims of United States nationals against Iran, and to begin the process of normalization of relations between the United States and Iran and in which Iran and the United States instruct and require that the assets described in this Order shall be transferred as set forth below by the holders of such assets, it is hereby ordered that as of the effective date of this Order:

1-101. Any branch or office of a United States bank or subsidiary thereof, which branch or office is located outside the territory of the United States and which on or after 8:10 a.m. E.S.T. on November 14, 1979 (a) has been or is in possession of funds or securities legally or beneficially owned by the Government of Iran or its agencies, instrumentalities, or controlled entities, or (b) has carried or is carrying on its books deposits standing to the credit of or beneficially owned by such Government, agen-

cies, instrumentalities, or controlled entities, is licensed, authorized, directed, and compelled to transfer such funds, securities, and deposits, including interest from November 14, 1979, at commercially reasonable rates, to the account of the Federal Reserve Bank of New York at the Bank of England, to be held or transferred as directed by the Secretary of the Treasury. The Secretary of the Treasury shall determine when the transfers required by this section shall take place. The funds, securities and deposits described in this section shall be further transferred as provided for in the Declaration of the Government of the Democratic and Popular Republic of Algeria and its Annex.

1-102. Any banking institution subject to the jurisdiction of the United States that has executed a set-off on or after November 14, 1979, at 8:10 a.m. E.S.T. against Iranian funds, securities, or deposits referred to in section 1-101 is hereby licensed, authorized, directed, and compelled to cancel such set-off and to transfer all funds, securities, and deposits which have been subject to such set-off, including interest from November 14, 1979, at commercially reasonable rates, pursuant to the provisions of section 1-101 of this Order.

1-103. If the funds, securities, and deposits described in section 1-101 are not promptly transferred to the control of the Government of Iran, such funds, securities, and deposits shall be returned to the banking institutions holding them on the effective date of this Order and the set-offs described in section 1-102 shall be in force as if this Order had not been issued and the status of all such funds, securities, deposits and set-offs shall be *status quo ante*.

1-104. (a) All licenses and authorizations for acquiring or exercising any right, power, or privilege, by court order, attachment, or otherwise, including the license contained in Section 535.504 of the Iranian Assets Control Regulations, with respect to the properties described in sections 1-101 and 1-102 of this Order are revoked and withdrawn.

(b) All rights, powers, and privileges relating to the properties described in sections 1-101 and 1-102 of this Order and which derive from any attachment, injunction, other like proceedings or process, or other action in any litigation after November 14, 1979, at 8:10 a.m. E.S.T., including those derived from Section 535.504 of the Iranian Assets Control Regulations, other than rights, powers, and privileges of the Government of Iran and its agencies, instrumentalities, and controlled entities, whether acquired by court order or otherwise, are nullified, and all persons claiming any such right, power, or privilege are hereafter barred from exercising the same.

(c) All persons subject to the jurisdiction of the United States are prohibited from acquiring or exercising any right, power, or privilege, whether by court order or otherwise, with respect to the properties (and any income earned thereon) referred to in sections 1-101 and 1-102 of this Order.

1-105. Compliance with this Order, any other Executive Order licensing, authorizing, directing, or compelling the transfer of the assets described in sections 1-101 and 1-102 of this Order, or any regulations, instructions, or directions issued thereunder shall to the extent thereof be a full acquittance and discharge for all purposes of the obligation of the person making the same. No person shall be held liable in any court for or with respect to anything done or omitted in good faith in connection with the administration of, or pursuant to and in reliance on, such orders, regulations, instructions, or directions.

1-106. The Attorney General shall seek to intervene in any litigation within the United States which arises out of this Order and shall, among other things, defend the legality of, and all actions taken pursuant to, each of its provisions.

1-107. The Secretary of the Treasury is delegated and authorized to exercise all functions vested in the President by the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*) to carry out the purposes of this Order.

1-108. This Order shall be effective immediately.

JIMMY CARTER

Direction to Transfer Iranian Government Assets Held by Domestic Banks

By the authority vested in me as President by the Constitution and statutes of the United States, including Section 203 of the International Emergency Economic Powers Act (50 U.S.C. 1702), Section 301 of Title 3 of the United States Code, Section 1732 of Title 22 of the United States Code, and Section 301 of the National Emergencies Act (50 U.S.C. 1631), in view of the continuing unusual and extraordinary threat to the national security, foreign policy and economy of the United States upon which I based my declarations of national emergency in Executive Order 12170, issued November 14, 1979, and in Executive Order 12211, issued April 17, 1980, in order to implement agreements with the Government of Iran, as reflected in Declarations of the Government of the Democratic and Popular Republic of Algeria dated January 19, 1981, relating to the release of U.S. diplomats and nationals being held as hostages and to the resolution of claims of United States nationals against Iran, and to begin the process of normalization of relations between the United States and Iran and in which Iran and the United States instruct and require that the assets described in this Order shall be transferred as set forth below by the holders of such assets, it is hereby ordered that as of the effective date of this Order:

1-101. Any branch or office of a banking institution subject to the jurisdiction of the

Iran Chronology, January 1981

January 2

After 4 days of talks in Washington, Algerians deliver latest U.S. proposals to Iran.

January 3

In Tehran, Algerian delegation meets with Iranian officials to discuss latest U.S. proposal.

January 4

A report out of Tehran states that three of the hostages—L. Bruce Laingen, Charge d'Affaires, Victor L. Tomseth, a political officer, and Michael Howland, a State Department security officer—have been transferred from the Foreign Ministry in Tehran to a secret location.

January 6

Khomeini gives approval of Algerian assistance in efforts to release hostages.

January 7

Deputy Secretary Christopher departs for Algiers to discuss the status of the negotiations with the Algerian delegation.

January 8

President-elect Reagan states that he could honor any agreement with Iran made by President Carter but also says he reserves the right to draw up new proposals if the crisis is not settled by Jan. 20.

January 9

Deputy Secretary Christopher extends his stay in Algeria because of questions raised by Iranians about U.S. proposals.

January 12

Two bills are introduced by the Iranian Parliament as "emergency" legislation to speed up an agreement with the U.S. One bill would authorize third-party arbitration of claims against Iranian assets and the other would "nationalize" the late Shah's wealth.

January 13

Parliament postpones voting on two bills.

January 14

Parliament approves the bill permitting third-party arbitration of claims on Iranian assets.

January 15

Chief Iranian negotiator, Behzad Nabavi, Iran's Minister of State for Executive Affairs, warns the U.S. that if Iran's "unencumbered frozen assets" are not deposited in Algerian banks by Friday, close of business, negotiations would stop.

January 16

In the event an agreement is made, President Carter takes two major steps:

- He orders an exchange transaction of over \$900 million worth of gold with Britain for eventual transfer to Iran; and
- He orders the sale of Iranian-owned treasury securities in the New York Federal Reserve Bank so that the money can be transferred to Iran.

Nabavi withdraws his earlier statement and declares that there is "no obstacle" to concluding an agreement.

A team of legal and financial experts—five Americans and three British—meet in Algiers in an effort to resolve remaining problems.

January 17

Twelve major U.S. banks reportedly agree that if Tehran agrees to repay a portion of the debts owed them immediately and to settle the rest later, they would drop lawsuits.

At Iran's request, Algeria sends a team of physicians to visit hostages to confirm their good health.

January 18

U.S. and Iran sign final documents agreeing on central issues and issue a final declaration for release of the hostages.

January 19

Freedom of hostages is delayed by objections raised by Iranians over an "appendix" that U.S. bankers reportedly added to the hostage release agreement.

January 20

After 444 days in captivity, hostages are freed!

Two Algerian airliners take them to Algiers where they are met by Deputy Secretary Christopher, Algerian Foreign Minister Benyahia, and U.S. Ambassador to Algeria Ulric Haynes, Jr. After a welcoming ceremony, the hostages are transferred to U.S. Air Force planes which take them to Frankfurt, West Germany, where they board busses which take them to a military hospital in Weisbaden.

January 25

Air Force plane—"Freedom One"—arrives at Stewart International Airport, Newburgh, New York, carrying the 52 former hostages. The Americans are greeted by their families and, after a 70-minute bus ride, arrive at West Point Military Academy.

January 27

The 53 former hostages, including Richard Queen who was released by the Iranian revolutionaries in July 1980, arrive in Washington, D.C., where they are greeted, in an official ceremony, by President Reagan, other U.S. officials, and government employees on the South Lawn of the White House. ■

United States, which branch or office is located within the United States and is, on the effective date, either (a) in possession of funds or securities legally or beneficially owned by the Government of Iran or its agencies, instrumentalities, or controlled entities, or (b) carrying on its books deposits standing to the credit of or beneficially owned by such Government, agencies, instrumentalities, or controlled entities, is licensed, authorized, directed and compelled to transfer such funds, securities, and deposits, including interest from November 14, 1979, at commercially reasonable rates, to the Federal Reserve Bank of New York, to be held or transferred as directed by the Secretary of the Treasury.

1-102. (a) All licenses and authorizations for acquiring or exercising any right, power, or privilege, by court order, attachment, or otherwise, including the license contained in Section 535.504 of the Iranian Assets Control Regulations, with respect to the properties described in Section 1-101 of this Order are revoked and withdrawn.

(b) All rights, powers, and privileges relating to the properties described in Section 1-101 of this Order and which derive from any attachment, injunction, other like proceedings or process, or other action in any litigation after November 14, 1979, at 8:10 a.m. EST, including those derived from Section 535.504 of the Iranian Assets Control Regulations, other than rights, powers, and privileges of the Government of Iran and its agencies, instrumentalities, and controlled entities, whether acquired by court order or otherwise, are nullified, and all persons claiming any such right, power, or privilege are hereafter barred from exercising the same.

(c) All persons subject to the jurisdiction of the United States are prohibited from acquiring or exercising any right, power, or privilege whether by court order or otherwise, with respect to the properties (and any income earned thereon) referred to in Section 1-101 of this Order.

1-103. Compliance with this Order, any other Executive Order licensing, authorizing, directing or compelling the transfer of the assets described in Section 1-101 of this Order, or any regulations, instructions, or directions issued thereunder shall to the extent thereof be a full acquittance and discharge for all purposes of the obligation of the person making the same. No person shall be held liable in any court for or with respect to anything done or omitted in good faith in connection with the administration of, or pursuant to and in reliance on, such orders, regulations, instructions, or directions.

1-104. The Attorney General shall seek to intervene in any litigation within the United States which arises out of this Order and shall, among other things, defend the legality of, and all actions taken pursuant to, each of its provisions.

1-105. The Secretary of the Treasury is delegated and authorized to exercise all functions vested in the President by the Inter-

national Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*) to carry out the purposes of this Order.

1-106. This Order shall be effective immediately.

JIMMY CARTER

Direction to Transfer Iranian Government Financial Assets Held by Non-Banking Institutions

By the authority vested in me as President by the Constitution and statutes of the United States, including Section 203 of the International Emergency Economic Powers Act (50 U.S.C. 1702), Section 301 of Title 3 of the United States Code, Section 1732 of Title 22 of the United States Code, and Section 301 of the National Emergencies Act (50 U.S.C. 1631), in view of the continuing unusual and extraordinary threat to the national security, foreign policy and economy of the United States upon which I based my declarations of national emergency in Executive Order 12170, issued November 14, 1979, and in Executive Order 12211, issued April 17, 1980, in order to implement agreements with the Government of Iran, as reflected in Declarations of the Government of the Democratic and Popular Republic of Algeria dated January 19, 1981, relating to the release of U.S. diplomats and nationals being held as hostages and to the resolution of claims of United States nationals against Iran, and to begin the process of normalization of relations between the United States and Iran and in which Iran and the United States instruct and require that the assets described in this Order shall be transferred as set forth below by the holders of such assets, it is hereby ordered that as of the effective date of this Order:

1-101. Any person subject to the jurisdiction of the United States which is not a banking institution and is on the effective date in possession or control of funds or securities of Iran or its agencies, instrumentalities, or controlled entities is licensed, authorized, directed and compelled to transfer such funds or securities to the Federal Reserve Bank of New York to be held or transferred as directed by the Secretary of the Treasury.

1-102. (a) All licenses and authorizations for acquiring or exercising any right, power, or privilege, by court order, attachment, or otherwise, including the license contained in Section 535.504 of the Iranian Assets Control Regulations, with respect to the properties described in Section 1-101 of this Order are revoked and withdrawn.

(b) All rights, powers, and privileges relating to the properties described in section 1-101 of this Order and which derive from any attachment, injunction, other like proceedings or process, or other action in any litigation after November 14, 1979, at 8:10 a.m. EST, including those derived from Section 535.504 of the Iranian Assets Control Regulations, other than rights, powers, and privileges of the Government of Iran and its

agencies, instrumentalities, and controlled entities, whether acquired by court order or otherwise, are nullified, and all persons claiming any such right, power, or privilege are hereafter barred from exercising the same.

(c) All persons subject to the jurisdiction of the United States are prohibited from acquiring or exercising any right, power, or privilege, whether by court order or otherwise, with respect to the properties (and any income earned thereon) referred to in Section 1-101 of this Order.

1-103. Compliance with this Executive Order, any other Executive Order licensing, authorizing, directing or compelling the transfer of the assets described in paragraph 1-101 of this Order, or any regulations, instructions, or directions issued thereunder shall to the extent thereof be a full acquittance and discharge for all purposes of the obligation of the person making the same. No person shall be held liable in any court for or with respect to anything done or omitted in good faith in connection with the administration of, or pursuant to and in reliance on, such orders, regulations, instructions, or directions.

1-104. The Attorney General shall seek to intervene in any litigation within the United States which arises out of this Order and shall, among other things, defend the legality of and all actions taken pursuant to, each of its provisions.

1-105. The Secretary of the Treasury is delegated and authorized to exercise all functions vested in the President by the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*) to carry out the purposes of this Order.

1-106. This Order shall be effective immediately.

JIMMY CARTER

Direction to Transfer Certain Iranian Government Assets

By the authority vested in me as President by the Constitution and statutes of the United States, including Section 203 of the International Emergency Economic Powers Act (50 U.S.C. 1702), Section 301 of Title 3 of the United States Code, Section 1732 of Title 22 of the United States Code, and Section 301 of the National Emergencies Act (50 U.S.C. 1631), in view of the continuing unusual and extraordinary threat to the national security, foreign policy and economy of the United States upon which I based my declarations of national emergency in Executive Order 12170, issued November 14, 1979, and in Executive Order 12211, issued April 17, 1980, in order to implement agreements with the Government of Iran, as reflected in Declarations of the Government of the Democratic and Popular Republic of Algeria dated January 19, 1981, relating to the release of U.S. diplomats and nationals being held as hostages and to the resolution of claims of United States nationals against Iran, and to begin the process of normalization of relations between the United States and Iran and in which Iran and the United

States instruct and require that the assets described in this Order shall be transferred as set forth below by the holders of such assets, it is hereby ordered that as of the effective date of this Order:

1-101. All persons subject to the jurisdiction of the United States in possession or control of properties, not including funds and securities, owned by Iran or its agencies, instrumentalities, or controlled entities are licensed, authorized, directed and compelled to transfer such properties, as directed after the effective date of this Order by the Government of Iran, acting through its authorized agent. Except where specifically stated, this license, authorization, and direction does not relieve persons subject to the jurisdiction of the United States from existing legal requirements other than those based upon the International Emergency Economic Powers Act.

1-102. (a) All licenses and authorizations for acquiring or exercising any right, power, or privilege, by court order, attachment, or otherwise, including the license contained in Section 535.504 of the Iranian Assets Control Regulations, with respect to the properties described in Section 1-101 of this Order are revoked and withdrawn.

(b) All rights, powers, and privileges relating to the properties described in section 1-101 of this Order and which derive from any attachment, injunction, other like proceedings or process, or other action in any litigation after November 14, 1979, at 8:10 a.m. EST, including those derived from Section 535.504 of the Iranian Assets Control Regulations, other than rights, powers, and privileges of the Government of Iran and its agencies, instrumentalities, and controlled entities, whether acquired by court order or otherwise, are nullified, and all persons claiming any such right, power, or privilege are hereafter barred from exercising the same.

(c) All persons subject to the jurisdiction of the United States are prohibited from acquiring or exercising any right, power, or privilege, whether by court order or otherwise, with respect to the properties (and any income earned thereon) referred to in Section 1-101 of this Order.

1-103. Compliance with this Executive Order, any other Executive Order licensing, authorizing, directing or compelling the transfer of the assets described in paragraph 1-101 of this Order, or any regulations, instructions, or directions issued thereunder shall to the extent thereof be a full acquittance and discharge for all purposes of the obligation of the person making the same. No person shall be held liable in any court for or with respect to anything done or omitted in good faith in connection with the administration of, or pursuant to and in reliance on, such orders, regulations, instructions, or directions.

1-104. The Attorney General shall seek to intervene in any litigation within the United States which arises out of this Order and shall, among other things, defend the legality of, and all actions taken pursuant to, each of its provisions.

1-105. The Secretary of the Treasury is delegated and authorized to exercise all functions vested in the President by the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*) to carry out the purposes of this Order.

1-106. This Order shall be effective immediately.

JIMMY CARTER

Revocation of Prohibitions Against Transactions Involving Iran

By the authority vested in me as President by the Constitution and statutes of the United States, including Section 203 of the International Emergency Economic Powers Act (50 U.S.C. 1702), Section 301 of Title 3 of the United States Code, Section 1732 of Title 22 of the United States Code, and Section 301 of the National Emergencies Act (50 U.S.C. 1631), in view of the continuing unusual and extraordinary threat to the national security, foreign policy and economy of the United States upon which I based my declarations of national emergency in Executive Order 12170, issued November 14, 1979, and in Executive Order 12211, issued April 17, 1980, in order to implement agreements with the Government of Iran, as reflected in Declarations of the Government of the Democratic and Popular Republic of Algeria dated January 19, 1981, relating to the release of U.S. diplomats and nationals being held as hostages and to the resolution of claims of United States nationals against Iran, and to begin the process of normalization of relations between the United States and Iran, it is hereby ordered that as of the effective date of this Order:

1-101. The prohibitions contained in Executive Order 12205 of April 7, 1980, and Executive Order 12211 of April 17, 1980, and Proclamation 4702 of November 12, 1979, are hereby revoked.

1-102. The Secretary of the Treasury is delegated and authorized to exercise all functions vested in the President by the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*) to carry out the purpose of this Order.

1-103. This Order shall be effective immediately.

JIMMY CARTER

Non-Prosecution of Claims of Hostages and for Actions at the United States Embassy and Elsewhere

By the authority vested in me as President by the Constitution and statutes of the United States, including Section 203 of the International Emergency Economic Powers Act (50 U.S.C. 1702), Section 301 of Title 3 of the United States Code, Section 1732 of Title 22 of the United States Code, and Section 301 of the National Emergencies Act (50 U.S.C. 1631), in view of the continuing unusual and extraordinary threat to the national security, foreign policy and economy

of the United States upon which I based my declarations of national emergency in Executive Order 12170, issued November 14, 1979, and in Executive Order 12211, issued April 17, 1980, in order to implement agreements with the Government of Iran, as reflected in Declarations of the Government of the Democratic and Popular Republic of Algeria dated January 19, 1981, relating to the release of U.S. diplomats and nationals being held as hostages and to the resolution of claims of United States nationals against Iran, and to begin the process of normalization of relations between the United States and Iran, it is hereby ordered that as of the effective date of this Order:

1-101. The Secretary of the Treasury shall promulgate regulations: (a) prohibiting any person subject to U.S. jurisdiction from prosecuting in any court within the United States or elsewhere any claim against the Government of Iran arising out of events occurring before the date of this Order relating to (1) the seizure of the hostages on November 4, 1979, (2) their subsequent detention, (3) injury to United States property or property of United States nationals within the United States Embassy compound in Tehran after November 3, 1979, or (4) injury to United States nationals or their property as a result of popular movements in the course of the Islamic Revolution in Iran which were not an act of the Government of Iran; (b) prohibiting any person not a U.S. national from prosecuting any such claim in any court within the United States; (c) ordering the termination of any previously instituted judicial proceedings based upon such claims; and (d) prohibiting the enforcement of any judicial order issued in the course of such proceedings.

1-102. The Attorney General of the United States is authorized and directed, immediately upon the issuance of regulations in accordance with Section 1-101, to take all appropriate measures to notify all appropriate courts of the existence of this Order and implementing regulations and the resulting termination of litigation.

1-103. The Secretary of the Treasury is delegated and authorized to exercise all functions vested in the President by the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*) to carry out the purpose of this Order.

1-104. This Order shall be effective immediately.

JIMMY CARTER

Restrictions on the Transfer of Property of the Former Shah of Iran

By the authority vested in me as President by the Constitution and statutes of the United States, including Section 203 of the International Emergency Economic Powers Act (50 U.S.C. 1702), Section 301 of Title 3 of the United States Code, Section 1732 of Title 22 of the United States Code, and Section 301 of the National Emergencies Act (50 U.S.C. 1631), in view of the continuing unu-

sual and extraordinary threat to the national security, foreign policy and economy of the United States upon which I based my declarations of national emergency in Executive Order 12170, issued November 14, 1979, and in Executive Order 12211, issued April 17, 1980, in order to implement agreements with the Government of Iran, as reflected in Declarations of the Government of Democratic and Popular Republic of Algeria dated January 19, 1981, relating to the release of U.S. diplomats and nationals being held as hostages and to the resolution of claims of United States nationals against Iran, and to begin the process of normalization of relations between the United States and Iran, it is hereby ordered that as of the effective date of this Order:

1-101. For the purpose of protecting the rights of litigants in courts within the United States, all property and assets located in the United States within the control of the estate of Mohammad Reza Pahlavi, the former Shah of Iran, or any close relative of the former Shah served as a defendant in litigation in such courts brought by Iran seeking the return of property alleged to belong to Iran, is hereby blocked as to each such estate or person until all such litigation against such estate or person is finally terminated.

1-102. The Secretary of the Treasury is authorized and directed (a) to promulgate regulations requiring all persons who are subject to the jurisdiction of the United States and who, as of November 3, 1979, or as of this date, have actual or constructive possession of property of the kind described in Section 1-101, or knowledge of such possession by others, to report such possession or knowledge thereof, to the Secretary of the Treasury in accordance with such regulations and (b) to make available to the Government of Iran or its designated agents all identifying information derived from such reports to the fullest extent permitted by law. Such reports shall be required as to all individuals described in 1-101 and shall be required to be filed within 30 days after publication of a notice in the *Federal Register*.

1-103. The Secretary of the Treasury is authorized and directed (a) to require all agencies within the Executive Branch of the United States Government to deliver to the Secretary all official financial books and records which serve to identify any property of the kind described in Section 1-101 of this Order, and (b) to make available to the Government of Iran or its designated agents all identifying information derived from such books and records to the fullest extent permitted by law.

1-104. The Attorney General of the United States having advised the President of his opinion that no claim on behalf of the Government of Iran for the recovery of property of the kind described in Section 1-101 of this Order should be considered legally barred either by sovereign immunity principles or by the act of state doctrine, the

Attorney General is authorized and directed to prepare, and upon the request of counsel representing the Government of Iran to present to the appropriate court or courts within the United States, suggestions of interest reflecting that such is the position of the United States, and that it is also the position of the United States that Iranian decrees and judgments relating to the assets of the former Shah and the persons described in Section 1-101 should be enforced by such courts in accordance with United States law.

1-105. The Secretary of the Treasury is delegated and authorized to exercise all functions vested in the President by the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*) to carry out the purposes of this Order.

1-106. This Order shall be effective immediately.

JIMMY CARTER

President's Commission on Hostage Compensation

By the authority vested in me by the Constitution and statutes of the United States of America, and as President of the United States of America, in accordance with the Federal Advisory Committee Act, as amended (5 U.S.C. App. I), it is hereby ordered as follows:

1-1. Establishment.

1-101. There is established the President's Commission on Hostage Compensation, hereinafter referred to as the Commission, which shall be composed of not more than nine members who shall be appointed by the President.

1-102. The President shall designate a Chairman from among the members.

1-2. Functions.

1-201. The Commission shall study and analyze, and make recommendations to the President on, the question whether the United States should provide financial compensation to United States nationals who have been held in captivity outside the United States, either (1) by or with the approval of a foreign government, or (2) by reason of their status as employees of the United States Government or as dependents of such employees.

1-202. The Commission shall submit a report to the President ninety days after the date of this Order. The report shall contain the Commission's recommendations as to whether legislation to deal with the foregoing compensation issue is appropriate and, if so, as to what such legislation should provide. The report shall specifically contain the Commission's recommendations concerning the compensation of United States nationals held hostage in Iran on and after November 4, 1979.

1-203. In analyzing the foregoing issues the Commission shall consider all factors which it may consider relevant, including the

prior practice with respect to governmental compensation, both by the United States Government and by foreign governments, of persons held in captivity abroad.

1-204. In the performance of its functions the Commission shall specifically address the following issues:

(a) whether any legislation authorizing compensation should set forth specific legislative standards, or whether the standards by which to award compensation should be administratively developed;

(b) whether any standards developed either legislatively or administratively should be applied uniformly to civilian and military government employees, dependents of such employees, and private citizens, or whether separate criteria should be developed for these or other categories;

(c) whether an existing administrative body should determine amounts of compensation, or whether a new body should be established for this purpose; and

(d) whether compensation should be paid for injuries suffered by members of families of persons who have been held in captivity.

1-3. Administrative Provisions.

1-301. In performing its functions the Commission shall conduct such studies, reviews, and inquiries as may be necessary. In addition to conducting open meetings in accordance with the Federal Advisory Committee Act, the Commission shall conduct public hearings to identify critical issues and possible solutions related to compensation.

1-302. The Commission is authorized to request from any Executive agency such information that may be deemed necessary to carry out its functions under this Order. Each Executive agency shall, to the extent permitted by law, furnish such information to the Commission in the performance of its functions under this Order.

1-303. Each member of the Commission who is not otherwise employed in the Federal Government may receive, to the extent permitted by law, compensation for each day he or she is engaged in the work of the Commission at a rate not to exceed the maximum daily rate now or hereafter prescribed by law for GS-18 of the General Schedule, and may also receive transportation and travel expenses, including per diem in lieu of subsistence, as authorized by law (5 U.S.C. 5702 and 5703).

1-304. All necessary administrative staff services, support, facilities, and expenses of the Commission shall, to the extent permitted by law, be furnished by the Department of State.

1-4. General Provisions.

1-401. Notwithstanding the provisions of any other Executive Order, the functions of the President under the Federal Advisory Committee Act, as amended (5 U.S.C. App. I), except that of reporting annually to the Congress, which are applicable to the Commission, shall be performed by the Secretary of

State in accordance with guidelines and procedures established by the Administrator of General Services.

1-402. The Commission shall terminate thirty days after submitting its report.

JIMMY CARTER

MESSAGE TO THE CONGRESS, JAN. 19, 1981³

Pursuant to Section 204(b) of the International Emergency Economic Powers Act, 50 U.S.C. 1703, I hereby report to the Congress that I have today exercised the authority granted by this Act to take certain measures with respect to property of the Government of Iran and its controlled entities and instrumentalities.

1. On November 14, 1979, I took the step of blocking certain property and interests in property of the Government of Iran and its controlled entities and instrumentalities. This action was taken in response to a series of aggressive actions by Iran, including the attack on the United States Embassy in Tehran, the holding of U.S. citizens and diplomats as hostages, and threats to withdraw assets from United States banks, and otherwise seek to harm the economic and political interests of the United States. Subsequently, on April 7, 1980, and April 17, 1980, I took further action restricting various kinds of transactions with Iran by persons subject to the jurisdiction of the United States.

2. Agreement has now been reached with Iran concerning the release of the hostages and the settlement of claims of U.S. nationals against Iran. Among other things this agreement involves the payment by Iran of approximately \$3.67 billion to pay off principal and interest outstanding on syndicated loan agreements in which a U.S. bank is a party. This includes making all necessary payments to the foreign members of these syndicates. An additional \$1.418 billion shall remain available to pay all other loans as soon as any disputes as to the amounts involved are settled and to pay additional interest to banks upon agreement or arbitration with Iran. In addition, there will be established an international tribunal to adjudicate various disputed claims by U.S. nationals against Iran; and the deposit of \$1 billion by Iran from previously blocked assets as released, which will be available for payments of awards against Iran. Iran has committed itself to replenish this fund as necessary. This tribunal, among other things, will also hear certain disputes between Iranian nationals and the United States Government and contractual disputes between Iran and the United States.

In connection with this agreement, and to begin the process of normalization of relations between the two countries, I have issued and will issue, a series of Orders.

3. First, I have signed an Executive Order authorizing the Secretary of the Treasury to enter into or to direct the Fed-

eral Reserve Bank of New York to enter into escrow and depositary agreements with the Bank of England.

Under these agreements, assets in the escrow account will be returned to the control of Iran upon the safe departure of the United States hostages from Iran. I have also by this Order instructed the Federal Reserve Bank of New York, as fiscal agent of the United States, to receive other blocked Iranian assets, and, as further directed by the Secretary of the Treasury, to transfer these assets to the escrow account.

4. Second, I have signed an Executive Order directing the Federal Reserve Bank of New York to transfer to its account at the Bank of England and then to the escrow account referred to in the preceding paragraph, the assets of the Government of Iran, both transfers to take place as and when directed by the Secretary of the Treasury.

In order to assure that this transaction can be executed, and having considered the claims settlement agreement described above, I have exercised my authority to nullify, and barred the exercise of, all rights, powers or privileges acquired by anyone; I have revoked all licenses and authorizations for acquiring any rights, powers, or privileges; and I have prohibited anyone from acquiring or exercising any right, power, or privileges, all with respect to these properties of Iran. These prohibitions and nullifications apply to rights, powers, or privileges whether acquired by court order, attachment, or otherwise. I have also prohibited any attachment or other like proceeding or process affecting these properties.

5. Third, I have signed an Executive Order which directs branches and offices of United States banks located outside the United States to transfer all Iranian government funds, deposits and securities held by them on their books on or after November 14, 1979 at 8:10 a.m. EST to the account of the Federal Reserve Bank of New York at the Bank of England in London. These assets will be transferred to the account of the Central Bank of Algeria, as escrow agent. The transfer is to include interest from the date of the blocking order at commercially reasonable rates. In addition, any banking institution that has executed a set-off subsequent to the date of the blocking order against Iranian deposits covered by this order is directed to cancel the set-off and to transfer the funds that had been subject to the set-off in the same manner as the other overseas deposits.

This Order also provides for the revocation of licenses and the nullifications and bars described in paragraph 4 of this report.

6. Fourth, I will have signed an Executive Order directing American banks located within the United States which hold Iranian deposits to transfer those deposits, including interest from the date of entry of the blocking order at commercially reasonable rates, to the Federal Reserve Bank of New York, to be held or transferred as directed by the Secretary of the Treasury. Half of these funds will be transferred to Iran and the other half (up to a maximum of \$1 billion)

will be placed in a security account as provided in the Declaration and the Claims Settlement Agreement that are part of the agreement we have reached with Iran. This fund will be maintained at a \$500 million level until the claims program is concluded. While these transfers should take place as soon as possible, I have been advised that court actions may delay it. This Order also provides for the revocation of licenses and the nullifications and bars described in paragraph 4 of this report.

7. Fifth, I have signed an Executive Order directing the transfer to the Federal Reserve Bank of New York by non-banking institutions of funds and securities held by them for the Government of Iran, to be held or transferred as directed by the Secretary of the Treasury. This transfer will be accomplished at approximately the same time as that described in paragraph 6.

This Order also provides for the revocation of licenses and the nullifications and bars described in paragraph 4 of this report.

8. Sixth, I will sign, upon release of the hostages, an Executive Order directing any person subject to the jurisdiction of the United States who is in possession or control of properties owned by Iran, not including funds and securities, to transfer the property as directed by the Government of Iran acting through its authorized agent. The Order recites that it does not relieve persons subject to it from existing legal requirements other than those based on the International Emergency Economic Powers Act. This Order does not apply to contingent liabilities. This Order also provides for the revocation of licenses and the nullifications and bars described in paragraph 4 of this report.

9. Seventh, I will sign, upon release of the hostages, an Executive Order revoking prohibitions previously imposed against transactions involving Iran. The Executive Order revokes prohibitions contained in Executive Order No. 12205 of April 7, 1980; and Executive Order No. 12211 of April 17, 1980; and the amendments contained in Proclamation No. 4702 of November 12, 1979. The two Executive Orders limited trade and financial transactions involving Iran and travel to Iran. The proclamation restricted oil imports. In revoking these sanctions I have no intention of superseding other existing controls relating to exports including the Arms Export Control Act and the Export Administration Act.

10. Eighth, I will sign, upon release of the hostages, an Executive Order providing for the waiver of certain claims against Iran. The Order directs that the Secretary of the Treasury shall promulgate regulations: (a) prohibiting any person subject to U.S. jurisdiction from prosecuting in any court within the United States or elsewhere any claim against the Government of Iran arising out of events occurring before the date of this Order arising out: (1) the seizure of the hostages on November 4, 1979; (2) their subsequent detention; (3) injury to the United States property or property of United States nationals within the United States Embassy-

compound in Tehran after November 1979; (4) or injury to United States nationals or their property as a result of popular movements in the course of the Islamic Revolution in Iran which were not an act of the Government of Iran; (b) prohibiting any person not a U.S. national from prosecuting any such claim in any court within the United States; (c) ordering the termination of any previously instituted judicial proceedings based upon such claims; and (d) prohibiting the enforcement of any judicial order issued in the course of such proceedings.

The Order also authorizes and directs the Attorney General of the United States immediately upon the issuance of such a Treasury regulation to notify all appropriate courts of the existence of the Executive Order and implementing regulations and the resulting termination of relevant litigation. At the same time, I will create a commission to make recommendations on the issue of compensation for those who have been held as hostages.

11. Finally, I will sign, upon release of the hostages, an Executive Order invoking the blocking powers of the International Emergency Economic Powers Act to prevent the transfer of property located in the United States and controlled by the estate of Mohammed Reza Pahlavi, the former Shah of Iran, or by any close relative of the former Shah served as a defendant in litigation in the United States courts brought by Iran seeking the return of property alleged to belong to Iran. This Order will remain effective as to each person until litigation concerning such person or estate is terminated. The Order also requires reports from private citizens and Federal agencies concerning this property so that information can be made available to the Government of Iran about this property.

The Order would further direct the Attorney General to assert in appropriate courts that claims of Iran for recovery of this property are not barred by principles of sovereign immunity or the act of state doctrine.

12. In addition to these actions taken pursuant to the International Economic Emergency Powers Act, other relevant statutes, and my powers under the Constitution, I will take the steps necessary to withdraw all claims now pending against Iran before the International Court of Justice. Copies of the Executive Orders are attached.

JIMMY CARTER

**TECHNICAL ARRANGEMENT
JAN. 20, 1981³**

**TECHNICAL ARRANGEMENT
BETWEEN
BANQUE CENTRALE D'ALGERIE
AS ESCROW AGENT
AND
THE GOVERNOR AND COMPANY
OF THE BANK OF ENGLAND
AND
THE FEDERAL RESERVE BANK
OF NEW YORK AS FISCAL
AGENT OF THE UNITED STATES**

This Technical Arrangement is made between the Banque Centrale d'Algerie (hereinafter referred to as the "Escrow Agent") as Escrow Agent, the Governor and Company of the Bank of England (hereinafter referred to as the "Bank"), and the Federal Reserve Bank of New York as fiscal agent of the United States (hereinafter referred to as the "FED").

1. The Bank is hereby appointed to hold, invest and distribute, in accordance with the terms of this Technical Arrangement, such of the funds and other property (as identified by the FED on its sole responsibility at the time of transfer) as may be transferred to them by the FED and such other funds or property representing such funds and other property as may from time to time be held by the Bank on such accounts or invested by the Bank pursuant to paragraph 4 hereof (all of which funds and property are collectively referred to as the "Escrow Fund"). The Bank shall act as a depository and shall hold and invest the Escrow Fund in accordance with the arrangements described herein until such time as the Escrow Fund shall have been distributed as provided in paragraph 7 below.

2. The Bank will open in the name of the Escrow Agent the following accounts:

(A) Two securities custody accounts, Securities Custody Account No. 1 and Securities Custody Account No. 2 (the "Securities Custody Accounts");

(B) Three accounts denominated in US dollars, "Dollar Account No. 1", "Dollar Account No. 2" and "Dollar Account No. 3" (the "Dollar Accounts");

(C) A gold bullion custody account (the "Bullion Account") and shall credit the securities to Securities Custody Account No. 1, the dollar deposits to Dollar Account No. 1 and the gold bullion to the Bullion Account when transferred to the Bank by the FED for deposit on such accounts, and shall provide the Escrow Agent with a general description of the funds and other property so transferred.

3. The Bank shall

(A) Hold the securities for the time being in the Securities Custody Accounts in accordance with the provisions of this Arrangement;

(B) Hold the gold bullion for the time being in the Bullion Account in accordance with the provisions of this Arrangement; and

(C) Hold the funds for the time being in the Dollar Accounts on a call basis, so as to ensure the liquidity of those funds, and in accordance with the provisions of this Arrangement.

4. (a) The Bank shall make a good faith effort under the circumstances to invest and reinvest outside the United States the funds on the Dollar Accounts at market rates with such banks and in such manner as the Bank may determine and will pay by way of interest on the funds on those Dollar Accounts sums equivalent to those received by them, subject nevertheless to the deduction from Dollar Account No. 2 of sums equivalent to the amounts of their reasonable costs, charges and expenses in respect to the maintenance and operation of Dollar Account No. 2.

(b) Any interest received on the securities in the Securities Custody Account No. 1 shall be credited to Dollar Account No. 1 and any interest received on the Securities Custody Account No. 2 shall be credited to Dollar Account No. 3.

5. The Bank shall invest all monies representing interest paid in respect of any part of the Escrow Fund in the same manner as any funds for the time being on deposit on the Dollar Accounts.

6. The Bank shall not have or incur any liability by reason of any diminution in value of the securities or gold bullion for the time being held by them in the name of the Escrow Agent on the Securities Custody Accounts and the Bullion Account, respectively.

Similarly, the Escrow Agent shall not have or incur any liability by reason of any diminution in value of the securities or gold bullion for the time being held in its name by the Bank on the Securities Custody Accounts and the Bullion Account respectively. Moreover, the Escrow Agent shall not have or incur any liability for any loss arising from investment of the funds held for the Escrow Agent on the Dollar Accounts.

In addition, the Escrow Agent shall not bear nor be liable for any expenses, charges, costs or fees of any kind incurred by the Bank or the FED in performance of their duties under this Arrangement.

7. In the performance of their duties under this Arrangement, the Bank shall not exercise any discretion designed to favor one of the parties to this Arrangement and shall act only on the instructions of the Escrow Agent.

(a) Provided that no previous instruction has been received under subparagraph (b) below, upon receipt of instructions from the Escrow Agent to do so, in the form provided in paragraph 8 below, the Bank shall immediately transfer the funds then held on Dollar Account No. 1 as follows:

(i) U.S. Dollars 3,667,000,000 to the FED, subject to the FED's sole direction;

(ii) U.S. Dollars 1,418,000,000 to Dollar Account No. 2; and

(iii) the balance to an account of Bank Markazi Iran opened at the Bank, subject to Bank Markazi Iran's sole direction

and transfer the securities and bullion then held in the Securities Custody Account No. 1 and the Bullion Account respectively to the account of Bank Markazi Iran at the Bank, subject to Bank Markazi Iran's sole direction.

(b) Provided that no previous instruction has been received under subparagraph (a) above, upon receipt of instructions from the Escrow Agent to do so, in the form provided in paragraph 8 below, the Bank shall immediately transfer the Escrow Fund to the account of the FED at the Bank, subject to the FED's sole direction, and close all the Accounts opened under paragraph 2 of this Arrangement.

(c) Any funds or securities received by the Bank from the FED for deposit on any of the accounts described in paragraph 2 of this Arrangement, other than Dollar Account No. 2, after receipt and execution by the Bank of the instructions referred to in subparagraph (a) above, shall be credited in accordance with the instructions of the Escrow Agent in the form provided in paragraph 8 below, to the account of Bank Markazi Iran at the Bank, subject to Bank Markazi Iran's sole direction, and to Dollar Account No. 3 and Securities Custody Account No. 2 at the Bank in the name of the Escrow Agent.

Not later than 30 days after the date hereof the Escrow Agent shall instruct the Bank to transfer the funds and securities in these accounts to such bank as the Escrow Agent shall direct, for the account of the Banque Centrale d'Algérie.

(d) Upon receipt by the Bank of instructions from the Escrow Agent to do so in the form provided in paragraph 8 below, the Bank shall, as soon as practicable thereafter

(i) transfer such amount as may be specified in the instructions from Dollar Account No. 2 to the FED, subject to the FED's sole direction, if sufficient funds then remain on Dollar Account No. 2 to make such transfer; and/or

(ii) transfer the remaining funds on Dollar Account No. 2 to the account of Bank Markazi Iran at the Bank, subject to Bank Markazi Iran's sole direction, and close Dollar Account No. 2.

(e) The Escrow Agent shall not be entitled to give the Bank any instruction other than described in this paragraph 7, and the Bank shall be entitled and bound to rely on any instruction falling within this paragraph 7 without further inquiry, and any transfer by the Bank in accordance with any instructions given to them under this paragraph 7 shall constitute a good discharge to the Bank.

8. (a) The Bank and the Escrow Agent will exchange telegraphic keys which will permit the reciprocal validation of messages and payment and transfer orders; however, the instructions set forth in paragraphs 7(a) and 7(b) shall be in writing, shall be transmitted by hand either

(i) to the Bank or

(ii) to the Deputy Governor of the Bank for and on behalf of the Bank at the British Embassy at Algiers

and shall be authenticated as provided in subparagraph (b) below. In the event that a telegraphic test is challenged, the Bank and the Escrow Agent agree to contact each other by telex or other appropriate means as rapidly as possible, in order to obtain confirmation of the authenticity of the transmission.

(b) The Bank and the Escrow Agent shall provide each other with a list, which will be revised whenever necessary, of the names of the persons authorised to execute any written notice or instruction required or permitted under this Arrangement and identify the signatures of such designated persons; all such notices or instructions to the Bank shall be effective on receipt by the Bank; the Bank shall not be obliged to act on any such notice or instruction unless properly so authorised, authenticated and delivered in the manner required by this paragraph.

9. Except as provided in paragraph 8 (a) above, any advices, written notices, or instructions permitted or required by this Arrangement shall be given to the parties hereto at the respective addresses shown below:

(i) To the Bank at:

Threadneedle Street
London EC2R 8AH

ATTENTION: D.H.F. Somerset
J.G. Drake
W.B. Moule

(ii) To the FED at:

33 Liberty Street
New-York, New-York 10045

ATTENTION: H. David Willey
George Ryan

(iii) To the Escrow Agent at:

8 Boulevard Zirout Youcef
Algiers, Algeria

ATTENTION: Mr. Mohamed
Bessekhouad
Mr. Bachir Saif
Mr. Mohand Kirat
Mr. Lakhdar
Benouataf

10. The FED shall indemnify and hold the Bank harmless against and shall reimburse the Bank for any loss or expense that they may incur by reason of their acts or omissions under or in connection with this Arrangement, except for

(A) Any loss or expense resulting from their own negligence or wilful misconduct and
(B) Any loss arising from investment of the funds held for the Escrow Agent on Dollar Accounts No. 1, No. 2 and No. 3.

11. The Bank may rely and shall be protected in acting on any instrument, instruction, notice or direction given by the Escrow Agent in accordance with paragraph 7 reasonably believed by them to be genuine and to have been signed or dispatched by the appropriate person or persons.

12. The Bank shall not be liable for any act or omission unless such act or omission involves negligence or wilful misconduct on the part of the Bank. This paragraph 12 does not apply to any loss arising from investment of the funds held for the Escrow Agent on the Dollar Accounts.

13. (a) The Bank shall advise the Escrow Agent by telex as soon as reasonably practicable thereafter of all changes in balances, deposits, interest earned and withdrawals on the six accounts opened and maintained by the Bank for the Escrow Agent as provided in paragraph 2 of this Arrangement.

(b) The Bank shall provide the FED by telex with a list of all debits and credits to the six accounts referred to in subparagraph (a) above.

14. The Bank and the FED accept that the Escrow Agent is a central bank, whose property is normally entitled to the full immunities of a central bank under the State Immunity Act of 1978 of the United Kingdom. Nothing in this Arrangement shall be considered as constituting, in whole or in part, a waiver of any immunity to which they are entitled.

15. Nothing herein shall require the Bank to violate the laws of England or any court order thereunder; the Bank confirms that none of the provisions of this Arrangement is in violation of the laws of England.

16. The provisions hereof may not be modified or changed except by an instrument in writing duly executed by or on behalf of the Escrow Agent, the Bank and the FED.

17. This Arrangement is written in English and French texts but, in the event of any conflict between the two texts, the English text shall prevail.

18. The arrangements described herein shall be governed by and construed in accordance with the laws of England.

Dated 20th of January 1981

BANQUE CENTRALE D'ALGERIE

by MOHAMED BESSEKHOUD
LAKHDAR BENOUMATAF

THE GOVERNOR AND COMPANY OF
THE BANK OF ENGLAND

by C. W. McMAHON
D.H.F. SOMERSET

FEDERAL RESERVE BANK OF
NEW YORK
AS FISCAL AGENT OF THE UNITED
STATES

by ERNEST T. PATRIKIS

SPECIAL BRIEFING,
JAN. 20, 1981

Mr. Muskie. Now that the principal object of the efforts that have been underway for the last 14 months has been achieved and consummated, it is important that you and, through you, the American people understand the agreements which have made that possible. I know you've all been curious about the facts that we hope we can make available to you this afternoon. I have appreciated your patience when I and others have resisted giving you some of this information, but now is the time for the American people to get the whole story and this briefing this afternoon is designed to move us toward that objective as well.

And so if I may, I will briefly outline the nature of the agreements which led to the release of the hostages today. We and the Iranian Government have given the Algerian Government interdependent commitments for a resolution of the hostage crisis. These commitments are in accord with the objectives we stated at the outset of this crisis—the safe return of our people on terms consistent with our national honor and interests.

A guiding principle in negotiating the agreement has been to return matters insofar as possible to where they stood before the hostages were seized—that is, to return property owned by Iran at the same time that our people are released, while protecting legitimate U.S. claimants.

Let me emphasize that the assets that will be returned are Iranian property in the custody of persons subject to U.S. jurisdiction here and abroad. These assets were blocked by the President on November 14, 1979, shortly after the takeover of our Embassy. After careful and thorough evaluation of all relevant factors, the terms of the arrangement were determined to be fair and technically feasible.

The first step in the implementation process called for a number of categories of Iranian assets to be transferred to an escrow account with the Bank of England in the name of the Algerian Central Bank.

The Government of Iran then had to certify to the Algerian Central Bank that the 52 hostages had safely departed Iran. Only when it had been done so could the Algerian Central Bank release a certain portion of these assets to Iran. These steps have now been taken.

One category of the assets of which I am speaking included those Iranian securities in the custody of the Federal Reserve Bank in New York.

Another category of Iranian assets comprised those assets in foreign branches of U.S. banks. These funds with interest, including more than 1.6 million ounces of gold, total just under \$8 billion.

Of these funds, \$3.7 billion will be used to prepay the bank loans, and \$1.4 billion will remain in escrow until any disputed bank loans and interest are sorted out. Most of the claims of these American banks are thus immediately settled, and other claims are 100% protected with the amounts in escrow.

Finally, Iranian assets in domestic branches of U.S. banks and all other Iranian assets located in the U.S. or abroad in the custody of persons subject to U.S. jurisdiction will be transferred to the security account.

Mr. Miller. Will be unblocked.

Mr. Muskie. Yes. They'll be unblocked.

Mr. Miller. They'll be unblocked and used partially for Iran and partially for a security account.

Mr. Muskie. There may be an additional \$1 to \$2 billion or so in other assets. In the context of the release of these assets, Iran is committed to resolve certain claims by U.S. nationals under an agreed claims settlement procedure involving an international arbitration tribunal established by the agreement.

By Executive order, the President ordered the Secretary of the Treasury to license the Federal Reserve Bank of New York to effect the transfer of those assets in the Fed's custody. That transfer had to be completed before the hostages could be released.

The United States will lift import and export sanctions under the agreement once the hostages are released. These sanctions have imposed real costs on Iran in terms of greatly curtailed economic activity and substantial diplomatic isolation. The sanctions weighed increasingly heavily on Iran the longer the hostages were held.

An additional aspect of the agreement concerns the assets that may be located here of the former Shah and his family. The initial Iranian demand for the immediate return of the Shah's property was unacceptable as a matter of principle and law, and we've consistently rejected that demand.

We have, however, undertaken to block the transfer from the United States of any properties belonging to the Shah's estate that may be located here, and to inform the U.S. courts of the U.S. Government position that claims by Iran seeking recovery of the Shah's assets are not legally barred here by sovereign immunity or by the act of state doctrine.

I would like to reiterate our deep appreciation for the assistance of the Algerian intermediaries throughout these difficult weeks. They have carried out their responsibilities in a comprehensive and thoroughly professional manner. We are in Algeria's debt, and its assistance will be long remembered by those of us who have been associated with their efforts and by the American people.

I would like to go to Bill Miller now and Ben Civiletti, both of whom, with their people, have been of enormous assistance with the legal and technical aspects of these agreements.

Mr. Miller. Thank you, Secretary Muskie. Let me just call attention again to the principles that Secretary Muskie outlined. I won't repeat them, but they're important to remember—not only the release of the assets, but insofar as possible, getting back to the condition that existed before the taking of hostages and the freezing of assets.

Now, with the principles in mind, I would like to just explain a little more of how this works so that you will have a little better understanding.

Secretary Muskie mentioned the categories of assets that have been blocked, and I will just call again to your attention that there were three main categories from our point of planning.

- One were the assets that were held in the Federal Reserve Bank of New York. That, of course, is the central bank of the United States and, therefore, those assets really are under government control and have a different category of importance than one held by private parties.

- The second category would be the deposits held in branches of U.S. banks outside the United States. These funds are held in the United Kingdom, France, and Germany and are subject to the laws and circumstances of those countries, and they again can be treated differently from other assets.

- The third general category would be all the other assets held by or under the control of U.S. nationals or persons in the United States itself. This not only in-

cluded bank deposits but it would also include other financial assets—other properties—that were the properties of the Government of Iran or its instrumentalities.

The two that we could deal with in the principle of trying to unblock the assets at the time the hostages were released, the two we could deal with most readily were the first two—the assets held in the Federal Reserve and those located overseas. So, for that reason, we eventually arrived at the solution setting up an arrangement to transfer those assets into escrow in the Bank of England in the account of the Central Bank of Algeria so that they would be marshaled and ready to be used and released for the purposes intended at such time as the hostages were out of Iran.

If the hostages were not released, then those funds would be turned back to where they came from and we'd be back where we were, so no harm would have been done. We would not have, in any way, lost control. We were protected in that regard. On the other hand, if the hostages were certified to be free, then we lost control and the distribution of the escrow fund was agreed to. Of course, that happy event did in fact come about.

And so today, having marshaled the assets in the escrow account last night, we were able to have a certificate from the Central Bank of Algeria that the hostages were free, and so the funds were disbursed.

Let me again run over the figures of the funds going into escrow, and what happens to them when they come out so you will understand that a little better. Secretary Muskie used the figure of about \$8 billion. Let me be a little more precise. The escrow became effective only if it could be certified that not less than \$7.955 billion were in escrow. That was required for the transaction to work. Actually, this morning the Bank of England was able to certify that \$7.977 billion of assets were in the account, and so it obviously met the condition.

The assets in the account consisted of about \$5.5 billion of deposits and interest on deposits in U.S. bank branches abroad. Those were, in a very complicated transaction, moved into the Federal Reserve Bank of New York account and then moved into an account of the Federal Reserve Bank of New York in the Bank of England, and then moved into escrow.

In addition, the Federal Reserve itself had held, as I mentioned, assets of Iran. Those that were represented by se-

curities and cash items came to about \$1.4 billion. In addition, the Federal Reserve held gold that belonged to the Government of Iran, and as Secretary Muskie pointed out, that was something over 1.6 million ounces of gold, which were valued for this purpose, on a fixed valuation date, at about \$940 million.

Then there were miscellaneous assets coming from custody accounts and securities that added up to the balance and the total came to \$7.977 billion. Once that was certified and that certification was passed in Algiers by the Deputy Governor of the Bank of England to the Deputy Governor of the Central Bank of Algeria, the process started whereby all of the governments involved were notified of that, and the Iranian Government undertook then to start the process of releasing the hostages.

When the announcement was made that the hostages had crossed the frontier and were out of Iranian territory, then the distribution of these assets began. That is under way—I think is actually substantially completed.

The first fund I mentioned, to repeat, is that about \$3.7 billion was returned to the Federal Reserve to be applied to pay off syndicated loans in which U.S. banks were participating, including interest up to a settlement date. That, we understand and we expect, will pay off all those syndicated loans, so they will be completely paid off.

The \$1.4 billion will remain in the escrow account, and it will be used, under binding arbitration, first under opportunities to negotiate bilaterally and to come to settlement but, if not settled under binding arbitration, to pay for any additional bank loans that are not syndicated, or any disputes on the amounts of them, or any disputes on the amount of interest due. The balance in the fund, if you take the \$3.7 and \$1.4—whatever is left over—has been transferred to Iran free and clear. It is now in their hands.

Let's turn to the third category of assets, those in the United States. These will be unblocked, and in due course on a much slower process, because they are much more complicated to gain control and transfer of those assets—at a much slower pace—they, too, will be handled under explicit instructions. As they are made available, they will, through banking arrangements, end up in going 50% to the Government of Iran and 50% into a security account until that security account reaches \$1 billion. Once it reaches \$1 billion, all other released assets go to the Government of Iran.

Then there is an international claims settlement agreement, which will provide for binding arbitration under an international tribunal, the settlement claims of American interests against Iran, and that \$1 billion will be used to pay those claims. And the Government of Iran has a commitment to maintain that security account at a minimum balance of \$500 million, so as claims are paid, if a claim should reduce the balance below \$500 million, the Government of Iran will replenish it, so that there will be security for those claims.

That, I think, gives you a little better understanding of the mechanism by which this works. Obviously, this was a complicated transaction—perhaps the largest transfer of funds of private interests ever accomplished—and therefore did have its complications and its periods of perilous exposure to the fragility of the whole mechanism of marshaling and transferring assets.

I would be happy, of course, to expand upon this and other aspects, but I want merely, before I end my remarks, to express my particular appreciation—not only to Secretary Muskie and Warren Christopher, who have done such a magnificent job, the whole Department of State, and all the other departments of the government. But in my own Department of the Treasury, I have to say that I don't believe this transaction could have been completed without the dedicated work over endless time by Deputy Secretary of the Treasury Robert Carswell and by Assistant Secretary Richard Davis. They have just worked so intensely on this. I could name many others.

We also appreciate the tremendous cooperation we have received from the Federal Reserve Bank in New York and the Federal Reserve system and from all the banks and their attorneys and representatives. You may have heard during the process of this that there was perceived to be some difficulty with U.S. banks. Let me assure you that was not true. We did not comment at the time because it was too delicate a matter for us to try to intervene.

The banks have participated and rendered full cooperation. They tried for a long time to work out, in secret negotiations, a settlement of their overseas deposits and claims with the Iranians through the use of both U.S. attorneys and European attorneys. We tried to combine that negotiation at one time with a program to release the hostages. That did not succeed. We eventually came to this scheme; and once we moved to this scheme, their cooperation was absolute.

Not only in weeks and months before, but starting last Friday, there was around-the-clock—and I mean continuously around-the-clock—involvement with banks and attorneys in Algiers, in London, in New York, and in Washington working this very complicated transaction. The only people who benefited most perhaps was AT&T [American Telephone & Telegraph Co.] because we had open telephone lines that ran up some bills.

I do want to say that it was a magnificent performance by everyone on our side, and I'm indeed very proud to have been even a small part of it.

Mr. Muskie. Thank you, Bill. I would like to add my words of commendation to all of those who participated, not only everyone at this table but almost countless others on both sides of the Atlantic who contributed to this. It is an incredible picture of the stamina, determination, patience, and ingenuity that can be applied to a problem of this complexity. I've been proud to be part of it, and I thank all of my colleagues.

Q. Mr. Muskie, you talk of the basic principle of returning the situation to the status as it was when the hostages were seized. At that time we had diplomatic relations with Iran, we had a limited military supply relationship, we gave visas fairly freely, and Americans were allowed to travel in Iran. The President, under certain acts, changed all that in the course of the past 14 months. Are any of those actions going to be undone?

Mr. Muskie. I suspect that those matters will have to be dealt with as time unfolds. The principle to which I referred applied to the release of the hostages and restoring our financial arrangements to what they were before the hostages were seized, not to all of the aspects of diplomatic recognition and normal trade and so on. Obviously, the nonintervention agreement which the Iranian side insisted upon will impact upon some of those points that you raised. That's their wish, and as far as we're concerned, we were willing to sign that. Our relationship will have to develop in the future as both countries may see it in their interest to pursue.

Mr. Miller. I hope you will note in the Secretary's comments, though, that the sanctions, the explicit sanctions were raised.

Mr. Muskie. Yes.

Q. Mr. Civiletti, could you explain how, legally, the United States goes about blocking all claims like actions and so forth against Iran, and how it goes about freezing all the assets of the Shah, his estate, and so forth, and whether there are potential constitutional problems to that?

Mr. Civiletti. There undoubtedly will be litigation about those issues. We expect to file papers in some of the outstanding cases either late tonight or tomorrow morning indicating a statement of interest, laying out before the court the actions that have been taken and the legal authorities under which those actions have been taken.

Essentially, the authority for all the actions that have been taken arise both from the Constitution and the President's powers under the Constitution and from statutory sources, particularly the International Emergency Economic Powers Act, the Hostage Act, and the President's constitutional powers with regard to the conduct of foreign affairs, with regard to recognition of foreign powers, and with regard to the exercise of these powers under these statutes.

Each of the Executive orders that have been issued—and there are about 10 of them altogether—are exercised under these acts. It's the circumstance where there is a confluence, where the President's powers are at their greatest when he is exercising power under both the Constitution and under specific statutes. What we've done in effect is, in most instances, with a few rare exceptions, provide by this settlement for an alternative means by which the interests of claimants have either been taken care of, as have been indicated by some payments which are already being made, or by the U.S.-Iran claims tribunal procedure with agreements with regard to the maintenance of the fund of \$500 million. I hope that partially answers your question.

Q. Are you saying that under this International Emergency Powers Act the President has the power to block any suits and so forth?

Mr. Civiletti. Yes. When he blocked the assets, a subsequent Executive order allowed the Secretary of the Treasury to promulgate regulations permitting the filing of suits, reserving the power to withdraw that authorization; and the statute itself gives the President the power to make null and void any interests in property which are subject to the emergency which gave rise to the exercise of the power. And, as I mentioned, the President has acted here under the confluence

of not only that statute but the Hostage Act, as well as his constitutional powers with regard to the settlement of international claims and disputes.

Q. In the question of other assets, how much in military spares is left? How much has been subsumed by the U.S. military forces?

Mr. Muskie. I don't have an inventory available to me of that material. The issue of military equipment and supplies in the pipeline before November 4, 1979, was not directly addressed in the negotiations. You will not see it in any of the documents, and so it is not a current issue.

Q. Mr. Miller, can you tell us what the certain undertakings of the Governments of the United States and Iran are that are referred to in the declaration that was issued yesterday.

Mr. Miller. Those are mainly the financial aspects that I've described.

Mr. Muskie. Yes.

Mr. Miller. The undertakings to how we accomplished all this in the financial area.

Q. Mr. Secretary, can you tell us how the shape of this deal emerged—when, what were the initiatives? What were the final points that had to be resolved and when were they resolved?

Mr. Muskie. Well, that's a long story and I will try to give you a brief outline.

It all started, I gather, when I addressed a letter to the then newly selected Prime Minister—Mr. Rajai—in which I indicated the need from our perspective of undertaking in some way to resolve our differences and, as I think I used the phrase, "mutually perceived grievances." I think that was in late August.

In September, Khomeini laid down four points as a basis for settlement. It's the same four points basically that this agreement is built upon. We did not know how authoritative it was or whether it was the totality, and those four points excluded some points that Iranians had insisted upon prior to that time. We were curious about that and we undertook to pursue those questions through the various channels that we were using at that time and since. And we began to address ourselves to the possibilities of meeting the four points.

When one reads the four points literally, they obviously called, in light of the facts we've given you here today, upon us to do things that we were not in a position to do.

So we undertook, with the help of so many people, to shape any response that would be within the framework of the four points laid down by him at that time. We pursued those through channels involving Iranians, and not those who were ultimately the decision-makers in Iran but others who were also, so far as we could see, in a position to evaluate the position of Iran in this situation. Secretary Miller has already indicated one of the approaches to this problem that we pursued until, I think it was, last week.

Iran's final proposal in the last week or 10 days changed the framework. We saw almost immediately that it was a better one, and we proceeded to pick it up. It was not inconsistent with what we had put in place in terms of the resources or the assets that we could transfer; it shifted the method for handling it, and that's how we came down.

It's much more complicated than that; I couldn't possibly give you every detail.

I'd like to pay some tributes to some specific people who haven't been mentioned, if I might. Lloyd Cutler, General Counsel to the White House, who was just superb in the quality of the legal advice and the practical judgment which he brought to this. Warren Christopher—well, the whole country knows his abilities and his qualities of leadership in negotiation. He was the team leader and did a tremendous job of putting all these things together.

There are so many others—I know I'm leaving out names. I'd like to attest to Bob Carswell's contribution and Rich Davis and everybody else here. It's been a tremendous effort.

And when the full story is told—and I don't know that you want it all at once—the line was a pretty straight one from September down to today, pretty straight. The framework was there. The details were difficult to put together—finding ways of freeing assets, dealing with claims, finding ways to put in Iran's hands sufficient assets to make the settlement proposal attractive.

All of the prospects for doing this improved with the onset of the Iran-Iraq war, for obvious reasons: the pressures that that generated for Iran economically and in other ways. So, although we found so many obstacles along the way that have been frustrating, including the last 48-72 hours, at the same time events and pressures of one kind or another also fell our way to enable us to move to this point.

Thank you all very much for your patience through this ordeal. I've been amazed, may I say, at the quality and the accuracy of the press coverage of the last 48 hours in terms of facts that we thought we had pretty much excluded you from. [Laughter.] You have a way. Thank you.

WELCOMING CEREMONY, THE WHITE HOUSE, JAN. 27, 1981⁶

President Reagan

Welcome to the Ambassadors of our friends in neighboring countries who are here today. And I can think of no better way to let you know how Nancy and I feel about your presence here today than to say on behalf of us, of the Vice President and Barbara, the Senators, the Members of Congress, the members of the Cabinet, and all of our fellow citizens, these simple words: Welcome home.

You are home, and believe me, you're welcome. If my remarks were a sermon, my text would be lines from the 126th Psalm, "We were like those who dreamed. Now our mouth is filled with laughter and our tongue with shouts of joy. The Lord has done great things for us. We are glad." You've come home to a people who for 444 days suffered the pain of your imprisonment, prayed for your safety, and most importantly, shared your determination that the spirit of free men and women is not a fit subject for barter.

You've represented under great stress the highest traditions of public service. Your conduct is symbolic of the millions of professional diplomats, military personnel, and others who have rendered service to their country.

We're now aware of the conditions under which you were imprisoned. Though now is not the time to review every abhorrent detail of your cruel confinement, believe me, we know what happened. Truth may be a rare commodity today in Iran; it's alive and well in America.

By no choice of your own, you've entered the ranks of those who throughout our history have undergone the ordeal of imprisonment: the crew of the *Pueblo*, the prisoners in two World Wars and in Korea and Vietnam. And like those others, you are special to us. You fulfilled your duty as you saw it, and now like the others, thank God you're home, and our hearts are full of gratitude.

I'm told that Sergeant Lopez here put up a sign in his cell, a sign that normally would have been torn down by those guards. But this one was written in Spanish, and his guards didn't know that "*Viva la roja, blanco, y azul*" means "Long live the red, white, and blue." They may not understand what that means in Iran, but we do, Sergeant Lopez, and you've filled our hearts with pride. *Muchas Gracias*.

Two days ago, Nancy and I met with your families here at the White House. We know that you were lonely during that dreadful period of captivity, but you were never alone. Your wives and children, your mothers and dads, your brothers and sisters were so full of prayers and love for you that whether you were conscious of it or not, it must have sustained you during some of the worst times. No power on Earth could prevent them from doing that. Their courage, endurance, and strength were of heroic measure, and they're admired by all of us.

But to get down now to more mundane things, in case you have a question about your personal futures, you'll probably have less time to rest than you'd like. While you were on your way to Germany, I signed a hiring freeze in the Federal Government. In other words, we need you, your country needs you, and your bosses are panting to have you back on the job.

Now, I'll not be so foolish as to say forget what you've been through; you never will. But turn the page and look ahead, and do so knowing that for all who served their country, whether in the Foreign Service, the military, or as private citizens, freedom is indivisible. Your freedom and your individual dignity are much cherished. Those henceforth in the representation of this Nation will be accorded every means of protection that America can offer.

Let terrorists be aware that when the rules of international behavior are violated, our policy will be one of swift and effective retribution. We hear it said that we live in an era of limit to our powers. Well, let it also be understood, there are limits to our patience.

Now, I'm sure that you'll want to know that with us here today are families of the eight heroic men who gave their lives in the attempt to effect your rescue. "Greater glory hath no man than that he lay down his life for another." And with us also are Colonel Beckwith and some of the men who did return from that mis-

sion. We ask God's special healing for those who suffered wounds and His comfort to those who lost loved ones. To them, to you, and to your families, again, welcome from all America and thank you for making us proud to be Americans.

And now, ladies and gentlemen, I call on, to speak for this wonderful group of returnees, Bruce Laingen, Charge d'Affaires in Tehran. Mr. Laingen.

Mr. Laingen

Mr. President, Mrs. Reagan, members of the Cabinet, Vice President and Mrs. Bush—I think I've got that out of order of priority in protocol terms—members of the Diplomatic Corps who are here, and all you beautiful people out there:

I'm not sure I'm capable of this after that emotionally draining but beautiful experience that all of us have just had on the streets of this magnificent city, Mr. President. I hope you were watching TV, because I don't think any of us Americans have ever seen anything quite like it, quite so spontaneous, quite so beautiful in terms of the best qualities of our people. And we are deeply grateful for it.

Mr. President, our flight to freedom is now complete: thanks to the prayers and good-will of countless millions of people, not just in this country but all around the world; the assistance of those many countries and governments who understood the values and principles that were at stake in this crisis; and the love and affection of our countrymen from all those tens of thousands out there on the streets today, to that lady that we saw standing on a hillside as we came in from Andrews, all alone, with no sign, no one around her, holding her hand to her heart—the enveloping love and affection of smalltown America of the kind we witnessed in that wonderful 2-day stop in New York State, West Point and its environs; and last, but not least, on this flight to freedom, the United States Air Force on Freedom I.

Mr. President, I give you now 52 Americans, supplemented by a 53d today, Richard Queen sitting over here, overjoyed in reunion with our families, the real heroes in this crisis; 53 Americans, proud to rejoin their professional colleagues who had made their flight to freedom earlier—our 6 colleagues who came here with the great cooperation and friendship of our Canadian friends, and our 13 who came earlier. I give you now 53 Americans, proud, as I said earlier today, to record their undying respect and affection for the families of those brave eight men who gave their lives so that we



White House photo by Michael Evans

L. Bruce Laingen, the senior U.S. diplomat released from Iran, is welcomed to the White House by Mrs. Reagan while President Reagan and Vice President Bush look on. Thomas L. Ahern, another released American, is behind Mr. Laingen.

might be free, 53 of us proud today, this afternoon, and also to see and to meet with some of those families and Colonel Beckwith and some of those who came back. Fifty-three Americans who will always have a love affair with this country and who join with you in a prayer of thanksgiving for the way in which this crisis has strengthened the spirit and resilience and strength that is the mark of a truly free society.

Mr. President, we've seen a lot of signs along the road, here and up in New York. They are marvelous signs, as is the spirit and enthusiasm that accompanies this, what we've been calling "a celebration of freedom." They are signs that have not been ordered. They are spontaneous, sincere signs that reflect the true feelings of the hearts of those who hold them, even those, I suppose, like "IRS welcomes you" [laughter] which we saw today as we came into town, and another one that said, "Government workers welcome you back to work." Well, we're ready.

There was another sign that said, and I think that says it as well as any as far as we're concerned: "The best things in life are free." But even better than that was a sign that we saw as we left West Point today along a superhighway up there that someone had hastily put out: "And the world will be better for

this." We pray, Mr. President, that this will be so.

Mr. President, in very simple words that come from the hearts of all of us; it is good to be back. Thank you, America, and God bless all of you. Thank you very much.

President Reagan

Thank you. This is a flag in this case bearing your name, and it is a symbol I will give to you now, because all the others, you will each receive one when we get inside the building. Each one of you will have a flag symbolic of the 53 that are here in your honor.

And now—I think now a fit ending for all of this would be for all of us to participate in singing "God Bless America." [The audience sang "God Bless America."]

¹ Text from White House press release of Jan. 19, 1981.
² Made available to the press by Department spokesman John Trattner.
³ Made available to the press by acting Department spokesman William J. Dyess on Feb. 2.
⁴ Text from White House press release of Jan. 20.
⁵ Remarks from White House press release of Jan. 27. ■

American Hostages in Iran

Following is a list of the Americans who were held hostage in Iran. Fifty-two were held from November 4, 1979, to January 20, 1981 (444 days); the others were released as noted.

1. Thomas L. Ahern
Political Section
2. Clair Barnes
Communications Section
3. William F. Belk
Communications Section
4. Robert Blucker
Commercial Section
5. Donald J. Cooke
Consular Section
6. William J. Daugherty
Political Section
7. Robert A. Engelmann
LCDR, U.S. Navy
Defense Liaison Office
8. William A. Gallegos
Sgt., USMC
Marine Security Guard
9. Bruce W. German
Administrative Section
10. Duane L. Gillette
PO1, U.S. Navy
Defense Attache Office
11. Alan B. Golacinski
Security Section
12. John E. Graves
ICA
13. Kathy J. Gross*
Secretary
14. Joseph M. Hall
WO1, U.S. Army
Defense Attache Office
15. Kevin J. Hermening
Sgt., USMC
Marine Security Guard
16. Donald R. Hohman
Sp. 6, U.S. Army
Medical Corpsman
17. Leland J. Holland
COL, U.S. Army
Defense Attache Office
18. Michael H. Howland
Security Section
19. James O. Hughes*
S/Sgt., U.S. Air Force
Administrative Specialist
20. Lillian Johnson*
Secretary
21. Charles Jones, Jr.
Communications Section
22. Malcolm Kalp
Economic/Commercial Section
23. William Keough
School Superintendent
24. Moorhead Kennedy
Economic Section
25. Steven W. Kirtley
Sgt., USMC
Marine Security Guard
26. Kathryn L. Koob
ICA
27. Frederick Kupke
Communications Section
28. L. Bruce Laingen
Charge d'Affaires
29. Steven M. Lauterbach
General Services Officer
30. Gary E. Lee
General Services Officer
31. Paul E. Lewis
Sgt., USMC
Marine Security Guard
32. John W. Limbert
Political Section
33. James M. Lopez
Sgt., USMC
Marine Security Guard
34. Ladell Maples*
Sgt., USMC
Marine Security Guard
35. John D. McKeel
Sgt., USMC
Marine Security Guard
36. Michael J. Metrisko
Political Section
37. Jerry J. Miele
Communications Section
38. Michael E. Moeller
S/Sgt., USMC
NCO in charge of Marine Security
Detachment
39. Elisabeth Montagne*
Secretary
40. Bert C. Moore
Administrative Section
41. Richard H. Morefield
Consular Section
42. Paul M. Needham
CAPT, U.S. Air Force
Logistics Plans and Programs Officer
43. Robert Ode
Consular Section
44. Gregory A. Persinger
Sgt., USMC
Marine Security Guard
45. Jerry Plotkin
Businessman
46. William E. Quarles*
Sgt., USMC
Marine Security Guard
47. Richard I. Queen**
Consular Section
48. Regis Magan
MSG, U.S. Army
Military Liaison Office
49. Neal T. Robinson*
CAPT, U.S. Air Force
Plans Officer
50. David M. Roeder
LTC, U.S. Air Force
Defense Attache Office
51. Lloyd A. Rollins*
General Services Officer
52. Barry M. Rosen
ICA
53. William B. Royer, Jr.
ICA
54. Thomas E. Schaefer
COL, U.S. Air Force
Defense and Air Attache
55. Charles W. Scott
COL, U.S. Army
Chief, Military Liaison Office
56. Don A. Sharer
CDR, U.S. Navy
Defense Liaison Office
57. Rodney V. Sickman
Sgt., USMC
Marine Security Guard
58. Joseph Subic
SSG, U.S. Army
Defense Attache Office
59. Elizabeth A. Swift
Political Section
60. Terri L. Tedford*
Secretary
61. Victor L. Tomseth
Political Section
62. Joseph E. Vincent*
MSG, U.S. Air Force
U.S. Military Assistance Group
63. David R. Walker*
Sgt., USMC
Marine Security Guard
64. Joan Walsh*
Secretary
65. Philip R. Ward
Communications Section
66. Wesley Williams*
Cpl., USMC
Marine Security Guard

*Released Nov. 18 - 20, 1979.

**Released July 10, 1980.

NOTE: When Iranian militants took over the U.S. Embassy in Tehran on November 4, 1979, six Americans managed to elude capture; they sought and were granted refuge in the Canadian Embassy. They left Iran on January 29, 1980, posing as Canadian diplomats and carrying Canadian passports with forged Iranian visas. Those Americans were Robert G. Anders, Mark J. Lijek, Cora Amburn Lijek, Joseph D. Stafford, and Kathleen F. Stafford, all consular officers, and H. Lee Schatz, an agricultural specialist. ■

President Carter's Farewell Address to the Nation

President Carter's farewell address was broadcast live on January 14, 1981.¹

In a few days I will lay down my official responsibilities in this office to take up once more the only title in our democracy superior to that of President—the title of citizen. Of Vice President Mondale, my Cabinet, and the hundreds of others who have served with me during the last 4 years, I wish to say now publicly what I have said in private: I thank them for the dedication and competence they have brought to the service of our country.

But I owe my deepest thanks to you—to the American people—because you gave me this extraordinary opportunity to serve. We've faced great challenges together, and we know that future problems will also be difficult, but I am now more convinced than ever that the United States, better than any other country, can meet successfully whatever the future might bring. These last 4 years have made me more certain than ever of the inner strength of our country, the unchanging value of our principles and ideals, the stability of our political system, the ingenuity and the decency of our people.

Tonight I would like first to say a few words about this most special of office—the Presidency of the United States. This is at once the most powerful office in the world and among the most severely constrained by law and custom. The President is given a broad responsibility to lead but cannot do so without the support and consent of the people, expressed formally through the Congress and informally in many ways through a whole range of public and private institutions. This is as it should be.

Within our system of government every American has a right and a duty to help shape the future course of the United States. Thoughtful criticism and close scrutiny of all government officials by the press and the public are an important part of our democratic society. Now, as in the past, only the understanding and involvement of the people through full and open debate can

help to avoid serious mistakes and assure the continued dignity and safety of the nation.

Today we are asking our political system to do things of which the Founding Fathers never dreamed. The government they designed for a few hundred thousand people now serves a nation of almost 230 million people. Their small coastal republic now spans beyond a continent, and we also now have the responsibility to help lead much of the world through difficult times to a secure and prosperous future.

Today, as people have become ever more doubtful of the ability of the government to deal with our problems, we are increasingly drawn to single-issue groups and special interest organizations to insure that whatever else happens, our own personal views and our own private interests are protected. This is a disturbing factor in American political life. It tends to distort our purposes, because the national interest is not always the sum of all our single or special interests. We are all Americans together, and we must not forget that the common good is our common interest and our individual responsibility.

Because of the fragmented pressures of these special interests, it's very important that the office of the President be a strong one and that its constitutional authority be preserved. The President is the only elected official charged with the primary responsibility of representing all the people. In the moments of decision, after the different and conflicting views have all been aired, it's the President who then must speak to the nation and for the nation.

I understand after 4 years in this office, as few others can, how formidable is the task the new President-elect is about to undertake, and to the very limits of conscience and conviction, I pledge to support him in that task. I wish him success and Godspeed. I know from experience that Presidents have to face major issues that are controversial, broad in scope, and which do not arouse the natural support of a political majority.

For a few minutes now, I want to lay aside my role as leader of one nation, and speak to you as a fellow citizen of the world about three issues—three difficult issues—the threat of nuclear destruction, our stewardship of the physical resources of our planet, and the preeminence of the basic rights of human beings.

Threat of Nuclear Destruction

It's now been 35 years since the first atomic bomb fell on Hiroshima. The great majority of the world's people cannot remember a time when the nuclear shadow did not hang over the Earth. Our minds have adjusted to it, as after a time our eyes adjust to the dark.

Yet the risk of a nuclear conflagration has not lessened. It has not happened yet, thank God, but that can give us little comfort for it only has to happen once.

The danger is becoming greater. As the arsenals of the superpowers grow in size and sophistication and as other governments—perhaps even in the future dozens of governments—acquire these weapons, it may only be a matter of time before madness, desperation, greed, or miscalculation let loose this terrible force.

In an all-out nuclear war, more destructive power than in all of World War II would be unleashed every second during the long afternoon it would take for all the bombs and missiles to fall. A World War II every second—more people killed in the first few hours than in all the wars of history together. The survivors, if any, would live in despair amid the poisoned ruins of a civilization that had committed suicide.

National weakness, real or perceived, can tempt aggression and thus cause war. That's why the United States can never neglect its military strength. We must and we will remain strong. But with equal determination, the United States and all countries must find ways to control and to reduce the horrifying danger that is posed by the enormous world stockpiles of nuclear arms.

This has been a concern of every American president since the moment we first saw what these weapons could do. Our leaders will require our understanding and our support as they grapple with this difficult but crucial challenge. There is no disagreement on the goals or the basic approach to con-

trolling this enormous force. The answer lies not just in the attitudes or the actions of world leaders but in the concern and the demands of all of us as we continue our struggle to preserve the peace.

Nuclear weapons are an expression of one side of our human character. But there is another side. The same rocket technology that delivers nuclear warheads has also taken us peacefully into space. From that perspective, we see our Earth as it really is—a small, fragile, and beautiful blue globe, the only home we have. We see no barriers of race or religion or country. We see the essential unity of our species and our planet. And with faith and common sense, that bright vision will ultimately prevail.

Protecting the Earth's Resources

Another major challenge, therefore, is to protect the quality of this world within which we live. The shadows that fall across the future are cast not only by the kinds of weapons we have built but by the kind of world we will either nourish or neglect. There are real and growing dangers to our simple and most precious possessions—the air we breathe, the water we drink, and the land which sustains us. The rapid depletion of irreplaceable minerals, the erosion of topsoil, the destruction of beauty, the blight of pollution, the demands of increasing billions of people, all combine to create problems which are easy to observe and predict but difficult to resolve. If we do not act, the world of the year 2000 will be much less able to sustain life than it is now.

But there is no reason for despair. Acknowledging the physical realities of our planet does not mean a dismal future of endless sacrifice. In fact, acknowledging these realities is the first step in dealing with them. We can meet the resource problems of the world—water, food, minerals, farmlands, forests, overpopulation, pollution—if we tackle them with courage and foresight.

Protecting Basic Human Rights

I've just been talking about forces of potential destruction that mankind has developed and how we might control them. It's equally important that we remember the beneficial forces that we have evolved over the ages and how to hold fast to them. One of those constructive forces is the enhancement of

individual human freedoms through the strengthening of democracy and the fight against deprivation, torture, terrorism, and the persecution of people throughout the world. The struggle for human rights overrides all differences of color or nation or language. Those who hunger for freedom, who thirst for human dignity, and who suffer for the sake of justice, they are the patriots of this cause.

I believe with all my heart that America must always stand for these basic human rights at home and abroad. That is both our history and our destiny.

America did not invent human rights. In a very real sense, it's the other way around. Human rights invented America. Ours was the first nation in the history of the world to be founded explicitly on such an idea. Our social and political progress has been based on one fundamental principle—the value and importance of the individual. The fundamental force that unites us is not kinship or place of origin or religious preference. The love of liberty is the common blood that flows in our American veins.

The battle for human rights, at home and abroad, is far from over. We should never be surprised nor discouraged because the impact of our efforts has had and will always have varied results. Rather we should take pride that the ideals which gave birth to our nation still inspire the hopes of oppressed people around the world. We have no cause for self-righteousness or complacency, but we have every reason to persevere, both within our own country and beyond our borders.

If we are to serve as a beacon for human rights, we must continue to perfect here at home the rights and the values which we espouse around the world—a decent education for our children, adequate medical care for all Americans, an end to discrimination against minorities and women, a job for all those able to work, and freedom from injustice and religious intolerance.

We live in a time of transition, an uneasy era which is likely to endure for the rest of this century. It will be a period of tensions, both within nations and between nations; of competition for scarce resources; of social, political, and economic stresses and strains. During this period we may be tempted to abandon some of the time-honored principles and commitments which have been proven during the difficult times of past generations. We must never yield to

this temptation. Our American values are not luxuries but necessities—not the salt in our bread but the bread itself. Our common vision of a free and just society is our greatest source of cohesion at home and strength abroad—greater even than the bounty of our material blessings.

Remember these words: "We hold these truths to be self-evident; that all men are created equal; that they are endowed by their creator with certain unalienable rights; that among these are life, liberty, and the pursuit of happiness. . . ."

This vision still grips the imagination of the world. But we know that democracy is always an unfinished creation. Each generation must renew its foundations. Each generation must rediscover the meaning of this hallowed vision in the light of its own modern challenges. For this generation—ours—life is nuclear survival; liberty is human rights; the pursuit of happiness is a planet whose resources are devoted to the physical and spiritual nourishment of its inhabitants.

During the next few days I will work hard to make sure that the transition from myself to the next President is a good one, that the American people are served well. And I will continue as I have the last 14 months to work hard and to pray for the lives and the well-being of the American hostages held in Iran. I can't predict yet what will happen, but I hope you will join me in my constant prayer for their freedom.

As I return home to the South where I was born and raised, I look forward to the opportunity to reflect and further to assess, I hope with accuracy, the circumstances of our times. I intend to give our new President my support, and I intend to work as a citizen, as I have worked here in this office as President, for the values this nation was founded to secure. Again, from the bottom of my heart, I want to express to you the gratitude I feel. Thank you, fellow citizens, and farewell.

¹Text from White House press release. ■

President Carter submitted his last State of the Union message to the Congress on January 16, 1981, the text of which is printed in the Weekly Compilation of Presidential Documents of January 20, 1981.

Resources for a Credible Foreign Policy

Address before the American Foreign Policy Association and the World Affairs Council on January 15, 1981.¹

I am departing an office I received with surprise, held with satisfaction, and relinquish with regret. I have been privileged to serve a nation I love, under a President for whom I have the deepest respect. He has labored with extraordinary effort and caring for our nation and for our ideals. I think history will look kindly upon his legacy and such achievements as the Camp David accords, the normalization of relations with China, peace in Zimbabwe, the strengthening of American defenses.

And one of my central concerns is an issue on which I worked as a member of the Senate, but which has been with me literally every single day, indeed every hour, of my time as Secretary of State.

The issue is this: Will America support the foreign policy this country needs with the resources a credible policy requires? Will we provide the funds necessary to support our diplomacy and our vital interests in the world, or will we shortchange them?

To people with an interest in foreign policy this is a perennial problem. The Department of State and the foreign assistance agencies face special obstacles. We can never match the domestic constituencies of other parts of the government in the competition for Federal funds.

But I suggest that the foreign policy resource problem is now passing beyond that condition of routine annual struggle. It is steadily worsening. It is, in my view, a gathering crisis. And it is a threat not only to the global influence of the United States but to the security and well-being of all the American people. The crisis ahead lies at the intersection of several critical trends.

Diffusion of Power

A first trend is the diffusion of authority—of power—in the world. Principally as a result of decolonization, the Earth now holds nearly three times as many sovereign nations as it did at the end of the Second World War. There are more than 100 new countries.

As a statistic that is easy enough to grasp. We have a much harder time grasping the new realities it entails. For example, in the United Nations, and in many of its related bodies, the majority of votes now are cast by countries that didn't exist when the institution was formed. The balance of power in global institutions has shifted—not toward any competing superpower but toward the developing world.

For all of their diversity, nearly all of those new nations share at least one passion—for their sovereignty and national integrity. They are uniquely wary of outside manipulation or control. We have seen the dark side of this reality in the lawless behavior of Iran. But there are also positive manifestations of the same trend—the resistance of the nationalists in Afghanistan, for example, and the overwhelming vote in the United Nations to condemn the Soviet invasion of that country.

But whatever the effect in individual cases, the broad international truth is that power has been widely dispersed. An American diplomacy that can effectively protect and advance our interests in such a world requires, more than ever before, a diverse and skilled Foreign Service as well as a fully funded foreign assistance program.

U.S. Stake in Developing Countries

A second trend is our own growing stake in those developing countries. Today they are the fastest growing markets for American exports. Already they buy more from us than Japan and the European Common Market combined. Those sales to developing countries account for more than 2 million American jobs. They supply us with materials we cannot do without—not only oil but tin, bauxite, rubber, and a long list of others.

We also need their cooperation. World institutions control hundreds of matters affecting our lives—from the allocation of radio frequencies to procedures for harvesting the seas and mining their floors. Such global issues as population growth and nuclear proliferation touch our own daily lives in profound and persistent ways. And we have growing security interests in developing countries. For example, an effective response to Soviet ambitions in the Indian Ocean/

Persian Gulf region requires access to military facilities on the scene.

So for all of these reasons—economic, political, security—good relations with developing countries are not something we concede; they are something we need.

Soviet Ambition

A third trend is one I have alluded to already—the ambition of the Soviet Union to extend its influence in the developing world. It is, of course, no revelation that the Soviets believe their system should be installed elsewhere and ultimately everywhere. That aspiration increasingly is backed up with a growing capacity to project military power far beyond their borders. A little over a year ago we saw a grim new step in Afghanistan—a direct Soviet invasion designed to transform a nonaligned country into a new satellite state.

Obviously we must never neglect the direct Soviet threat to the United States and the other industrial democracies. But the Soviets' most promising opportunities lie in the developing world through exploitation of disorder. Our diplomacy—if it is wise—and our resources—if they are generous—can promote order by helping other governments meet the aspirations of their people for economic, political, and social justice.

Worsening Economy of Third World

Unfortunately, a fourth trend brightens Soviet prospects there—and that is the worsening economic plight of most Third World nations. The barriers to development have grown steadily higher in recent years. Populations have multiplied; debts have swollen; energy prices have soared; available resources have dwindled. And the future looks worse. In the past year a series of authoritative reports—by the World Bank, by the Brandt Commission, by the President's world hunger commission, by agencies of our own government in the "Global 2000" report—have all foreseen in the coming decades a world with huge concentrations of desperate people.

Right now by far the greatest disabling factor is oil. It is a stunning fact that oil prices have roughly tripled in just 2 years—from \$12.80 per barrel at the end

of 1978 to some \$35 now. Those increases have inflicted real pain here. Each round of higher costs further shocks our economy and fuels our inflation.

But if they have harmed us, those price hikes have ripped through Third World economies like a tornado, leaving economic devastation in their wake. National treasuries are draining dry. In the year just past, the bills to be paid by non-OPEC [Organization of Petroleum Exporting Countries] developing countries for imported oil and interest and external debt alone have been some three times what they received in aid.

The poorest lands are the hardest hit. Countries like Bangladesh, Liberia, the Sudan, and Uganda have little access to credit, so the trade-off is direct: Every dollar more paid for oil immediately means a dollar less to invest in productive enterprise. In the resulting economic crunch, funds reserved for investment often must be diverted on a crisis basis for such necessities as food.

In any nation, these are precisely the conditions that invite turmoil. It is not only the lesson, it is the litany of history that human misery is the enemy of order. Driven by the energy emergency, many governments are forced toward economic decisions that could mean their downfall. As this process continues, the lure of radicalism will become stronger; each day those who preach violence and hatred of the West will find more adherents in the developing world.

The OPEC countries have yet to recognize the profound dangers they create for themselves in pressing this trend. If their wealth is to have practical value, they have a stake in the economic health and stability of others. And obviously they, too, depend upon a stable world.

Shrinkage in U.S. Response

Finally, there is a fifth trend—not only a stagnation but a shrinkage in our affirmative response to these dangers. There are those who see these first four trends and see only their military implications. Certainly we need to help our friends build their strength. And we must be sufficiently armed ourselves to help deter and defeat aggression. That is why the current Administration has sponsored major real increases in military outlays.

But arms alone are an insufficient answer to the challenges I have described. In a world of crushing human needs—among nations stirred by nationalism with global problems demanding cooperative answers—we need still more than a mighty arsenal.

And what has been our response? We begin with a national indifference to our diplomatic structure. The quality and capacity of our professional Foreign Service is a decisive factor in our relations with other countries. Everyone knows and sympathizes with the plight of our hostages in Tehran and most people have not forgotten the other terrorist and mob attacks to which our diplomats have been subject in recent years. What is not so well known is our failure to maintain and sustain our essential diplomatic resources.

As we move further into the 1980s, it is clear that all elements of our national security need full support, and diplomacy is the front line of any lasting security. We must be well prepared militarily, but we must also do all we can to achieve our national goals without resort to force, and that, in a word, is the business of diplomacy.

Given the complexities of the world of the 1980s and 1990s, it is also clear that we need to understand still better the aspirations and interests of people in the rest of the world and other people need to understand still better our aspirations and interests. The consequences of misunderstanding are much greater than they were in the past. Making sure governments interpret each other's actions and words correctly is also the essential business of diplomacy.

If diplomacy is to be effective, then we must continue to have individuals who represent the best in America serving in our professional Foreign Service. Yet, the Department of State has the same number of people as it had in 1960 when we dealt with 66 fewer nations and problems that were significantly less complex. Despite mounting needs to understand this world still better, we have 18% fewer political officer positions than in 1960. That is not only a sorry picture, but a scary one, in the light of our global requirements.

The same short-sighted, stingy approach has limited also our foreign assistance programs. These are the programs that provide backing for our daily diplomacy even as they address the longer term economic and social sources of human suffering and political instability. Foreign aid, and particularly economic development aid, can be a favorite target on Capitol Hill. Often, those who are most vocal against aid programs are also the loudest in declaring their opposition to communism. They insist upon a goal we share even as they dismantle the means we need to pursue it.

The Congress has failed, for 2 years straight, to even pass our foreign aid legislation. We operate year to year on continuing resolutions, with funding based on levels of prior years. And in real terms the amounts are shrinking. We rank 14th among the world's major donors of assistance. For assistance programs that are directly related to our own security and prosperity, we provide roughly one-fifth of 1% of our gross national product. In real terms our economic aid today is actually less than it was 10 years ago. Our security assistance is nearly one-fourth less than it was in 1960.

But all of this still is only prologue. Budget trends suggest that a tighter pinch could be coming. The relatively "uncontrollable" parts of the Federal budget—social security, trust funds, and the like—are taking up even higher proportions of government spending. The remainder, now less than one-fourth of the budget, must cover national defense, all other international programs including foreign aid, and all the discretionary domestic programs as well.

Now if we project past trends into the future—and factor in the increases in defense already planned, let alone any further growth the Reagan Administration might want—we find this: By 1985 the total of funds left for international affairs and these domestic programs will be slashed nearly in half. It takes little imagination to forecast the resultant pressures on the State Department and foreign assistance budgets. That is why I say what we know now as an annual struggle is, in fact, a gathering crisis. If unmet, it could dramatically alter our role in the world.

That crisis can be averted. But it will require political will on the part of our leaders and a new awareness on the part of the American people. It must begin with a recognition of this central reality: We can no longer afford to act as if foreign aid were charity and as if diplomacy were a diversion. They are as vital to our long-run security as defense—as essential to the well-being of the American people.

In short, we have a fundamental choice we can no longer postpone. We must either raise our investments significantly or lower our expectations for the future. We cannot produce the foreign policy results our people expect with the dwindling resources we seem prepared to apply. If we continue to address surging international challenges with a shrinking commitment, then we ought to begin planning for an ineffectual, defensive, and perilous future.

America's Potential

I have great confidence in America's potential. Our values are more relevant to the world than ever before. Our military strength is growing. Our dedication to the sovereignty of nations is squarely in line with the aspirations of developing countries. Despite all the setbacks, our economic system—our technology, the miracle of our agriculture, our innovation—remain a source of international strength, in contrast to the faltering of state-managed systems.

And I have confidence in the American people—in their capacity to grasp what is at stake when they are told the truth about what must be done to support forward-looking foreign policies.

The response of our people and our political leadership to this challenge will importantly determine the kind of world our children will inherit—whether it is hospitable or hostile to our values; whether we are fully engaged in the international system or excluding ourselves from it; whether Americans feel secure or surrounded. In the next few years, the choice must be made. For all of our sakes, I hope we choose wisely.

¹Press release 12. ■

Secretary Muskie Interviewed on "Meet the Press" (Excerpts)

Secretary Muskie was interviewed on NBC's "Meet the Press" on December 21, 1980, by Bill Monroe, NBC News (moderator and executive producer); Karen Elliot House, Wall Street Journal; Carl Rowan, Chicago Sun Times; and Marvin Kalb, NBC News.¹

Q. What is your assessment of the latest conditions from Iran for the return of the 52 American hostages and the options they make available to this country?

A. We regard the response as unreasonable and as requiring of us actions beyond the power of the President to take.

Expecting, on the basis of this morning's news, that I'd be asked to react to what they have done, I would like to make clear that what I say about the subject on this program is not an official response; it's an official reaction to the extent that I'm in a position to respond to your questions. The second point I'd like to make is that it is official in the sense that I've discussed this subject with the President today, and what I have to say represents the reaction of the Administration.

Finally, in order to put this whole subject of negotiations between Iran and the United States in the proper context, what we are discussing is not the usual kind of negotiation between mutually agreed parties. What we are talking about is negotiating the release of hostages that were illegally taken over a year ago, who are being illegally held today—a taking that has been condemned by the World Court, condemned by the United Nations, and condemned by nations all over this planet. It's that illegal holding that we are seeking to correct. I think that these points are important points to be reminded of as we begin whatever discussions we may have today.

Q. Are the difficulties now posed by Iran so severe, in your judgment, that the Administration would consider, in effect, suspending negotiations at this

point and leaving the resolution of the matter up to the incoming Reagan Administration?

A. No, indeed. We continue to work at what we think is a high-priority goal, and that is the release of the hostages. The Iranians previously have made requests that we could not meet. Nevertheless, we continue to use the private channel, through the Algerian Government, in an attempt to persuade them to our position.

What we have tried to do is make a goodwill effort, a good faith effort, to examine what we can do to restore their frozen assets within the legal authority of the President of the United States. And we will continue to do that.

Q. Are you saying that the Administration will present a detailed response to Iran's latest terms?

A. The nature of the response is, of course, still under study. We've had this response which, as you now know from the public prints, is quite long, extensive, and complicated, and which also requires an understanding of the Iranian use of concepts before we can respond. So the nature of our response is not yet decided, but the nature of this reaction is clear.

Q. You seem to be implying that you will respond again in some fashion, whatever the details, and that you won't simply say, "This is as far as we can go. You know what it is. Take it or leave it. If you don't like it, deal with the next Administration." Is that what you mean to imply?

A. What I mean to say is that a part of this frustrating and, at times, agonizing effort is to make clear to the Iranians through a third party—which complicates the task—the limits beyond which the President cannot legally go. It is not always clear whether that message has gotten through or whether they accept it.

This is not the first time that they have suggested items that would require us to go beyond the President's legal authority. This comes at a time when we were under the impression that they understood those limits.

Q. How do you expect them to release the hostages if they are not given something of a nature that they can pass off politically to their own people? I mean, we're saying we want the hostages back because they were illegally taken, and you can't have the money until the hostages are back.

A. They have a responsibility for leadership and accountability in their own political system just as I do in our system, and just as our President does in our system. The President cannot politically, let alone legally, exceed his own powers in dealing with their requests. They must understand that. So they have to decide first, are they going to respond to world opinion, which has judged that they have taken an illegal act and which has had an impact upon their own country economically in terms of isolation from the world community, in terms of denial of access to markets that they would find useful now, in terms of impacting on an unstable political situation in their own country, and in terms of threats on their own borders.

They've paid a cost for this illegal taking, and an increasing number of them have made it clear that they understand that their own national interests would be better served if the hostage issue were behind them. They have said that publicly. So if it is in their country's interest to solve this problem, then they have an obligation, as leaders in that country, to take the necessary decision.

Q. But they have, for a year, thumbed their noses at world opinion. We have Radio Tehran saying that, if you don't accept what you have called unreasonable, the Christmas trees here will be unlit next year, meaning the hostages will still be there. Would you give me your candid assessment as to whether you think there can be, ever, a negotiated settlement?

A. There will have to be a negotiated settlement unless they take the other step—which they have given no indication at all they are willing to take—to release the hostages without condition. That is what they ought to do, given the fact that they did an illegal act over a year ago.

With respect to their public rhetoric, I have found that, like politicians everywhere, their public statements made for domestic consumption may not necessarily disclose what may be possible through appropriate negotiations. It requires patience, it involves frustration, but you have to press it. You have to press it because I don't believe that country or any other country can persist in the kind of illegal action they have taken and not pay a penalty as a member of the community of nations.

Q. A lot of us sitting on the outside see a situation where it appears you've done everything that you can possibly do, and you're still left with a situation where the United States has to accept something close to abject capitulation to kidnapers and that we may be at the point where nothing is left but military action. Are we close to that point?

A. No, I would not say so. We've had a previous experience in the case of North Korea, a hostage situation, involving roughly the same number of people. They were held for 11 months and were eventually released. I think that these hostages will eventually be released. I don't believe that the Iranians can escape the costs that they are now paying for holding the hostages. Inevitably, at some point, they will make the decision that they must make.

Q. You are aware that there are some mumbblings out there in America that the honor of the United States is more important than the lives of 52 hostages and that, at some time, this government is going to have to say, "The 52 don't matter that much. We're going to have to do what we have to do." Do you think, having given priority to saving the hostages all these months, that the United States can ever make that hard decision?

A. I don't think the two are that separable. I think that to permit them to jeopardize the safety and the lives of the hostages would be counter to our national interest and our national honor. I don't think you can separate the two. They are one problem.

Q. Are you ruling out the use of American military force by this Administration to resolve this problem?

A. We tried a form of that in the rescue effort which failed. That effort did not succeed and, in addition, making the effort, I think, prolonged the agony of the problem.

• It is not easy, if one looks at a map of Iran, to consider military options unless one were to consider options with consequences that need to be carefully weighed for our other national interests before making it. An automatic military response is not an easy thing to devise or an easy thing to execute or one that one easily contemplates when one considers other national interests that might be impacted. But the President has made clear for a year that we will hold Iran accountable for the safety of the hostages, whatever that implies in the circumstances that may arise.

I don't think it is helpful to try to hypothesize what circumstances may arise. At this point, in our negotiations with Iran, we are within reach, if they could but see it, of a solution to the problem which would eliminate any such possibility, which would make possible the return of the hostages, and which would make possible the beginnings of a meaningful process of bringing Iran back into the community of nations in a dignified, responsible way. They've got to do that; they've got to face it at some point.

Q. You just said "within reach." If you had to project now "within reach" meaning weeks, months, do we have to wait for the next Administration to come in?

A. When I say "within reach," I don't mean on the basis of the most recent exchange between us that I see it happening. It's certainly not going to happen by Christmas, and it would be very difficult to make it happen within the time left to this Administration.

Q. Difficult?

A. Very difficult. It all depends on the extent to which the Iranian reply is a negotiating tactic or whether it is in fact a "take-it-or-leave-it" proposal.

Q. Are you beginning to suspect that it might be a case of old-fashioned ransom being asked of the United States?

A. What they've asked for is unreasonable, and it would require us to do things that we cannot do legally. That is the best way to describe it at this point. You know, they do some of these things that they are asking of us by just a flick of their fingers.

Q. Would the United States consider sending billions of dollars to Algeria—one figure mentioned today is \$23 or \$24 billion—as a guarantee against the eventual return of the Iranian assets frozen in this country and the Shah's wealth?

A. No. The President does not have the power to do that or the authority to do it. And let me put that in perspective, if I may. Iran placed in the hands of persons and institutions in the United States and other countries deposits totaling billions of dollars. They did that long before the hostages were taken. They took the risks attendant upon that. The U.S. Government had no responsibility with respect to those deposits. We don't guarantee those deposits. When they did that, they assumed certain risks.

As a result of their taking of the hostages, their business arrangements with the various institutions involved in those deposits were interrupted. The result of all that was to produce a lot of litigation, a lot of claims, a lot of suits; but they took those risks. Now they ask us to make cash guarantees for the purpose of assuring them against loss resulting from those risks, if they materialize in the form of losses. That's not our responsibility.

May I say, also, that at the beginning of these negotiations, we pursued, apparently with their understanding and their agreement, two principles: One, that we would do everything we could, insofar as we could legally, to restore our financial arrangements to their status prior to November 14, a year ago. Two principles are involved: the *status quo* as of that time and what we could do legally. The *status quo* as of that time was, with respect to these frozen assets, that they had placed these assets on deposit in Western institutions and with persons in the West and in the United States.

We are willing and have offered ways to do that. There are some assets that could be made available to them almost immediately. Others are subject to claims that have to be resolved in one way or another. We have offered to join with them in establishing an international claims settling procedure and offered to pursue that procedure with them in every way possible that we could legally in order to resolve those claims.

It would require actions on their part, reestablishing their banking relations, for example, and others. There are precedents for this sort of approach to it. Now, because that process couldn't conceivably be completed before the end of the President's term and before the return of the hostages, they ask us for these cash guarantees. Well, that is asking for something different than the *status quo* in November of 1979.

Q. Two weeks ago we were told that a Soviet invasion of Poland was imminent, or virtually imminent. Has that problem eased up?

A. There has been a certain stability, I think, which has developed as a result of the ceremonial activities in Gdansk and the other Baltic cities. There was some fear that those might produce instability, even violence, but they were conducted with calm and with dignity. The church, the unions, and the government were all represented, and every effort was made by

those three institutions in the Polish community to insure that those activities would be conducted in a way that was dignified and calm.

Having passed that potential explosive point, there has been a certain stability. But the Polish situation is still difficult; the economic situation is still difficult and, to some extent, inhibits the liberalization movement, or the "renewal process," as the Poles call it, that has been taking place with respect to the unions. So in those terms, the situation is somewhat easier than it seemed to be a couple of weeks ago.

Q. But there is no sign that the Soviets are withdrawing their troops or are stepping down their readiness?

A. Their readiness is still there.

Q. The Peoples Republic of China has issued a state-of-the-world review in which they warn that the United States and other nations had better get together to halt Soviet military expansion or face the choice of either abject surrender or world war. Do you share this grim outlook with regard to Soviet intentions?

A. The Soviet Union has posed serious problems for us, for themselves, for the West, including China. Nevertheless, I think the situation is not irreparable. It all depends on where the Soviets go from here to there. I put it this way: One of the most serious challenges facing us is the continuing challenge of reading Soviet intentions.

With respect to Afghanistan, they have paid some heavy costs, costs that have, in visible ways, restrained them. With respect to Poland, they have permitted the situation there to go beyond limits which they previously considered tolerable so, obviously, they have exercised restraint there.

Q. What about Iran, can you tell us what Soviet behavior has been there? Have they done anything to try to help bring the Iranian leaders to their senses, as you might put it?

A. With respect to the hostage question?

Q. That's correct.

A. Not to my knowledge.

Q. Have you seen any evidence that they've tried to keep this dispute going?

A. I don't think, recently. There was a time when their propaganda broadcasts, radio broadcasts, we thought, had the effect of inflaming opinion in Iran against the United States.

Q. You seemed to be suggesting earlier that the hostages may not be released until the Reagan Administration comes in. Would you recommend that President Reagan continue to negotiate for the release of the hostages—in effect, two Administrations being held hostage to the same problem?

A. What he does with respect to the problem will depend upon, I suppose, what the situation is on January 20. We try to keep him and his advisers informed, and now that we have a Secretary of State-designate, we are in a better position to keep him informed.

We are trying to solve the problem before he comes on so that he won't have this on his plate with other problems that will be on his plate. But whatever he may find expedient to do at that time will depend upon the circumstances.

. . .

¹ Press release 352. ■

Interview on the "MacNeil/Lehrer Report"

Secretary Muskie's interview for the Public Broadcasting System's "MacNeil/Lehrer Report" with Robert MacNeil and Jim Lehrer on January 6, 1981.¹

Q. Iran's Prime Minister Mohammed Ali Rajai today consulted the Ayatollah Khomeini on the latest stage in the hostage negotiations, but what precisely transpired is unclear. Afterward Rajai spoke to Iranian television, and there are two versions of what he said.

According to one, the Ayatollah said the government could accept guarantees by the Algerian intermediaries to solve the hostage problem. The other version uses the word "undertakings" instead of guarantees. Before the Algerians returned to Iran last week with the latest American counterproposals, some Iranians said they would accept whatever guarantees satisfied the Algerians.

Meanwhile, the whereabouts of the hostages themselves are again in doubt. On Saturday, the three hostages held all along at the Iranian Foreign Ministry were forced to move to an unknown destination. Today, an unidentified Administration official in Washington said some of them may be in jail. Tonight, the Administration view of the hostage situation and other matters. Secretary of State Edmund Muskie is with Jim Lehrer in Washington.

Q. First, on the hostages themselves. Do we know now that some of them are in jail?

A. No, we do not. I don't know the source of the report to which Robert just referred. We don't know where the three are. The Government of Iran justified the move on the grounds that all the hostages are now under government control; that they wanted to bring them all together, wherever they are—that is, an appropriate place. This is the only explanation we have.

Q. There had even been statements—oh, 10 days ago, I think—from [Department of State spokesman] John Trattner about the possibility that some of the hostages were now in jail. There's no new development on it? We have no new information about that, though, is that correct?

A. No. The latest information we have about the other 49 is the news that we were given by the Algerian delegation. And that was all very positive. They saw all 52 hostages, spent some 7½ hours with them, talking to groups of them in their rooms or quarters; accepting letters from them to the people back here, and to the families back here, in the States; and taking pictures of all of those who were interested in having pictures taken. I think there's only one who did not. So they had that much time to observe the hostages, and their impression was that they were in good physical health.

Q. The explanation, you said, that the Iranians had given for taking the three out of the Foreign Ministry was—do you buy that explanation—that the government has now taken control of the hostages?

A. In dealing with Iranians, I'm always interested in as many facts as I can get. One does not necessarily get a consistent version of what has happened or why. Our access to information is not perfect. The Swiss, of course, are our protective government in Tehran, representing our interests, and they are in almost daily contact with the Government of Iran. They give us the best information they can, and we rely on them to give us information. And there are other governments that are useful channels to information. But at this point we don't know where the three have been taken, but we are pursuing that question.

Q. Is there anything important in these reported remarks of the Ayatollah to the Prime Minister today that I just quoted? Is there some significance that you can read into that?

A. There is an additional report that you ought to have. Ambassador Gheraib, one of the Algerian delegation, also had a press conference subsequent to the ones to which you refer and made it clear that Algeria's only role is as intermediary. So whatever Khomeini said, it was not an accurate description of the Algerian role and certainly not a description that satisfied the Algerians.

Q. So that speculation that the Algerians might be performing something like the Camp David role of trying to come up with a parcel, a package, that brings both sides together, they are not doing that.

A. I think the most accurate way to describe their role—and I've used this description before—is that of a positive intermediary. Now, what do I mean by the word "positive"?

When they come to the United States to get our response, they do more than accept the document. They also ask questions about the document, undertaking to anticipate the questions that Iranians may put to them so that they can deliver the document with a rather full understanding on their own part of the document's significance and meaning. And they do that in reverse when they receive the Iranian response to our documents.

So they have been very helpful and very impressive in that respect, but they are no more than intermediaries.

Q. Last week, before they went back, one of the spokesmen in Iran—the man who's in charge of negotiations, Mr. Nabavi—said that they were prepared to hear a U.S. counter offer. Are you hopeful that what you have now sent back with the Algerians will produce a positive response in Iran? Do you have some hope of that?

A. Long ago I dismissed hope as a useful emotion in these frustrating talks. I don't even describe them as "negotiations." But one never knows, given the political power struggle that is going on in Iran today—and it seems to have developed into one of those more abrasive kinds of struggles, more public than it has been for some time—one never knows when someone in Iran is in a position to make a decision and to make a decision favorable to our proposals and to the hostages.

And the second point I would make is that, notwithstanding the positive role that the Algerians have played in conveying not only our documents but an explanation of them, it has been very difficult to convey to the Iranians precisely what the limitations are on our authority, on the President's authority, in a way that's credible to them. They're suspicious of us anyway. So we think that by patiently and persistently making our points, our limitations, reformulating our proposals in accordance with the questions that they raise, that we might at some point strike a formulation that gets a favorable response. Time is obviously running out; we're aware of that, and we hope they are.

Q. Have you asked the Algerians to emphasize that point to the Iranians, that time is running out?

A. Oh, indeed, and it wasn't necessary for us to emphasize it. They're quite aware of it, too.

Q. They can look at the calendar as well.

A. Yes.

Q. Is there any indication at this point as to when this next Iranian response to our counterproposals is going to be received here in the United States?

A. No, there isn't. I think that Rajai is scheduled to hold another press conference tomorrow. He had one today and gave us no response.

Q. It must be terribly frustrating for you to have to get information from a press conference every day or so.

A. Now it doesn't seem to me that you take your profession seriously enough. Aren't press conferences supposed to be informative?

Q. [Laughing] All right. Yes, sir.

A. But you're absolutely right. And, like so many politicians in this country, as well as in Iran, they often say things in public that are not necessarily a clue to what their thinking is or what they may be planning to do.

Q. Have the statements by President-elect Reagan, particularly those characterizing the Iranians as barbarians, have they been helpful or hurtful to the negotiations or the discussions—whatever you want to call them?

A. That's hard to measure. Certainly it struck a chord over in Iran and some very vigorous reactions. But he has, of course, made it clear to them that they can't expect a better deal in a Reagan Administration than they can get from the Carter Administration, and to that extent perhaps it's useful.

Q. What do you make of all this talk in the last several days—and it's just talk, as I understand it—but the suggestion that some people are going to make to President-elect Reagan that what he ought to do is ask the Congress to declare war on Iran. Does that sound like a good idea to you?

A. If we do that, we risk turning away from one of our two objectives. Our two objectives from the beginning of this Administration have been, first,

the hostages' safety and speedy return—the word "speedy" has to be dropped now—and, secondly, to do so consistent with national honor.

Once we go to these other alternatives, there is a risk. There are risks even in our present strategy, so it may be that another look at those options would be in order. But the fact that one looks at options doesn't necessarily mean that one is looking seriously at one option or another. And I think a new administration would, as I think Vice President-elect Bush put it, examine the problem from ground zero.

When you do that, you look at a lot of options that you won't necessarily consider seriously, and I don't think it would be useful for me to prejudge options that may not be considered seriously.

Q. Why is it in the Iranian interest to solve this before the Carter Administration leaves?

A. It seems logical to me, even in terms of their own interest, that they should have solved it long ago. But our logic doesn't seem to run parallel with Iranian logic.

Q. You mentioned national honor a moment ago. We've rejected the \$24 billion deposit demand. We have offered, as I understand, something like \$6 billion. Why is our offer of \$6 billion consistent with national honor and their demand for \$24 billion not acceptable as consistent with national honor?

A. The principles on which we have been negotiating—two important principles; one, if they will undo what they did—that is, seize the hostages—we would do everything we can within the limits of the President's authority to undo what we did in retaliation. The \$6 billion figure, which doesn't come from the State Department or any official source—and I'm not going to use any numbers—but the number that has been used is that the assets frozen at the time the hostages were seized amounted to about \$8 billion. Any sum in excess of that would do more than restore our financial relationship to the *status quo ante*. That's the first principle.

The second principle is that if and when this exchange of actions is taken, they must be taken simultaneously—that is, so that we are sure of getting the hostages back for taking our action and so that they are sure of getting their assets back.

The complicating factor in all of this is that subsequent to the freezing of the assets, a great number of suits arising out of business and banking arrangements that the Iranians had entered into before the seizure of the hostages changed. Banks offset loans against assets; people with claims against Iran filed suit and made attachments. That's the complicating factor.

One cannot just arbitrarily wipe out the rights of those people to a judicial settlement of their claims. That's the complicating factor; and it is the amount of those claims, which is very hard to measure, that complicates the net numbers to which you referred. There's nothing like \$24 billion in Iranian assets involved in all of this.

Q. So is it wrong to think of this as a negotiation like a labor negotiation where they start with a high demand and then there's a lower offer and gradually the two sides come together monetarily?

A. I don't see it in that fashion at all. Recall that I said the principle is to restore each other's position to what it was. Given the fact that a year irrevocably changes those positions to some extent, you can't give the hostages back that wasted year; and, in the case of the assets, these attachments have complicated the Iranians' claim to their assets. So you can't put them back.

And so you're dealing with fixed items. You can't negotiate down the claims. What we've offered to do is to create an international claims settlement procedure—which would substitute for the judicial process—to make judgments as to the validity of claims and to arrange for their settlement.

In order to wipe the slate clean at some point, Iran has said that it is willing to pay its just debts. But, beyond that, it is not willing to concede against its own assets. So the numbers are not really that flexible.

Q. It sounds as though there's not much more room for maneuver.

A. To answer that question adequately would require that I go into the matter more extensively than I think would be helpful.

Q. On a scale of 1 to 10, what do you think the chances are of the hostage situation being resolved by the deadline, January 16?

A. That method of measuring is useful in the United States but not in Iran.

Proposed Chad-Libya Merger

DEPARTMENT STATEMENT,
JAN. 9, 1981¹

We are very concerned about reports coming from Tripoli that Libya and Chad plan to work toward a merger of their two states. Without trying to intervene in Chad's internal affairs, we must note that it appears the entire National Union Transition Government (GUNT) has not been consulted about this proposal.

Our policy has been clear from the beginning. We support the provisions of the Lagos accord and the Lagos communique. The United States has also long been attached to the principle of noninterference by one state in the internal affairs of another.

Most of Africa has expressed a great concern in recent days over Libya's blatant behavior. We share this concern and want to work with the African states to assure Chad's national sovereignty and territorial integrity.

¹Read to news correspondents by Department spokesman John Trattner. ■

Q. You won't play my game, then?

A. No.

Q. [Laughing] Okay. Moving on to another major problem of Iran, which is its war with Iraq. Yesterday Iran announced that it had launched a major counteroffensive against Iraq. Is that real, as best you can tell?

A. I know what Iranian reports say about it. What they claim to have been involved in is Iraqi casualties in the hundreds. In terms of World War II, that's not a major offensive, but in terms of this war, that is a sizable loss. And they claim this victory.

Reports out of Iraq these days, or this morning—and I've been caught up in other things all day—made no reference to such an offensive. So all we have is the Iranian report, and Bani-Sadr, who's in charge of the military operation, made that report to Khomeini and received a note of congratulations. That's the evidence that there was such an offensive.

The war has bogged down—it's the rainy season there now—into sort of a war of attrition at a very low pace. At this point neither country seems to be

in a position to achieve a quick victory over the other. It looks like a long, dragged out process which is taking its toll on both countries economically. They've lost a sizable portion of their oil revenues.

In the case of Iran, the sanctions, which were imposed as a result of the hostage issue, are denying it access to markets that otherwise would enable it to improve its ability to sustain the war effort. But Iraq, also, is suffering economic damage. So it looks now as though the war has settled down for the long term.

Whether or not at some point both parties will be receptive to the termination of hostilities, a cease-fire, withdrawal from territories, negotiations, I think that is the objective toward which we ought to address our efforts with other countries in the Security Council.

Q. But it doesn't look like that's on the immediate horizon, right?

A. No, it does not.

Q. Let me move on to another part of the world—Poland. Is the immediate threat of Soviet intervention there pretty well subsided for now?

A. Let me describe it as accurately as I can on the basis of the information that we have. There has been some reduction in Soviet military activity, but their state of readiness is still at the high level that it achieved in December. So they're in a position, militarily, to move on fairly short notice.

Internally, the tension level seems to have been reduced somewhat, but there are some difficult points ahead of us. There's the question of work-free Saturdays, for example. There's the question of the union for the farmers. And down the road further there's a scheduled congress of the party in Poland.

There is a very difficult economic situation which could trigger political reactions and then counterreactions from the government and maybe conceivably from the Soviet Union. So it's going to be a very delicate, sensitive, and potentially volatile situation for some time.

Q. In El Salvador as of last week, six Americans have recently been killed there—Americans who were working there, privately or under government auspices. Is there anything that requires

changing American policy or that can be done to stop this loss of American life there?

A. First of all, one must understand the basic situation. We have two forces contending for control in El Salvador: the right, made up of those who occupy the privileged position in the economy of the country traditionally; and the disadvantaged and dispossessed who seek to achieve a government that's more sensitive to their needs and their aspirations. There are those in both groups inclined to violence, and they both succeeded to the extent that last year there were 9,000 lives lost altogether.

The government is made up of a junta with military representation; a president, who is a civilian and a member of the Christian Democratic Party which is seeking to establish a moderate government and has pledged itself to reforms, land reform, which is perhaps the most important and significant and key reform proposal and which led to the deaths of the two Americans who were just killed and a very significant El Salvadoran political figure, Mr. Viera [Jose Rodolfo Viera, President of El Salvador's Institute for Agrarian Transformation], who was sensitive to the needs of the poor and the disadvantaged.

The land reform program is the object of the displeasure of both the left and the right. The privileged people who have owned the land and, in effect, dominated the economy see land reform as a threat to their privileged position. The left sees land reform as a reform which frustrates the kind of change that they would like to initiate through violence and overthrow. So land reform and reforms of this kind that are sponsored by the government are attacked and resisted from both ends of the spectrum.

Mr. Hammer, who was one of the Americans killed, regrettably, in this recently was in charge of the land reform program. He had enemies on both sides. The question is, from which side of the political spectrum did the attack come? President Duarte and the Defense Minister responded quickly to protests of our charge [d'affaires], and they're pressing for an investigation.

But the problem is how to get the moderate center established and credible and how to build support for them, given these pressures from the left and the right. And people get caught in the

U.S.-Canada Technical Meeting on Dioxin

JOINT STATEMENT
DEC. 19, 1980¹

At the invitation of the Department of State, U.S. and Canadian officials and health and environmental scientists met in Washington December 19, 1980, to discuss recent findings regarding 2,3,7,8-TCDD (dioxin) in the Great Lakes and to develop an effective response to the problem. The Canadian delegation was led by the Department of External Affairs and included experts from the Ministries of Health and Welfare, Environment Canada, Fisheries and Oceans, and the Province of Ontario. The U.S. delegation, led by the Department of State, included experts from the Environmental Protection Agency, the Departments of Health and Human Services, Interior, and the Veterans Administration. Government specialists from the States of New York and Michigan also took part.

Canadian scientists presented the results of a recent Environment Canada study which revealed the presence of 2,3,7,8-TCDD in Great Lakes herring gull eggs. The discovery of 2,3,7,8-TCDD in the Great Lakes Basin, through recent advances in analytical technology, shows that the compound has been present in declining quantities in the eggs over the past decade. Other scientific findings from both governments on 2,3,7,8-TCDD and concerns related to health and environment were compared and discussed.

As a result, Canada and the United States will be exchanging information and cooperating in an effort to:

- Identify sources of 2,3,7,8-TCDD in the Great Lakes, with particular attention being paid to sources related to 2,4,5-trichlorophenol production; it was reported that this material is no longer being produced in the Great Lakes Basin;

- Review the presence of 2,3,7,8-TCDD in fish, with emphasis on analytical methodology, human exposure, and evaluation of potential health hazards, and establish mechanisms to deal with these issues;

- Investigate the way that 2,3,7,8-TCDD is transported through and affects the environment; and

middle, whether they're Americans or anyone else, treading on dangerous ground.

Q. Finally, to your favorite subject, Zbigniew Brzezinski. As you know, in the past week both U.N. Ambassador Donald McHenry and former State Department spokesman Hodding Carter have gone after him. McHenry said, for instance, that Brzezinski spoke out publicly when he shouldn't have and has been sending mixed signals around the world on U.S. foreign policy. Is that true?

A. Let me put it this way. This subject has been discussed now in just about every—well, I won't say every but many interview programs which I've been on.

Q. We're looking for something fresh. [Laughter]

A. I have nothing fresh to say. I've tackled the subject from the institutional point of view—the respective role of the National Security Council and the State Department—and I've made those views known and clear. I don't think it's useful, nor am I inclined, to get involved in a personality contest with Zbig. Zbig and I are good friends, we get along fine, I find him congenial, and I see no reason at this point to comment.

Q. But McHenry wasn't a personality thing. McHenry was talking about—he's the U.N. Ambassador of the United States—sending mixed signals on foreign policy. He didn't attack him personally. Hodding Carter's statement is a little different.

A. Let me put it in institutional terms. What Don McHenry had to say could have been said when Henry Kissinger was National Security Adviser; it could have been said in previous Administrations when the National Security Adviser was given a public voice. That's a problem. It's the President's choice as to whether or not that's what he wants.

Q. And President Carter clearly made that choice.

A. He clearly did, and he saw advantages in it for him. Zbig says that an activist President—that is, a foreign policy activist President—will give his National Security Adviser automatically more visibility, which is a legitimate point of view.

Q. David Broder, in a column in *The Washington Post* recently said that you offered your successor-designate, Alexander Haig, four rules.

A. Don't call them rules; I don't.

Q. No press secretary for the Security Adviser; no press briefings or TV appearances; no contacts with foreign governments; and for him to do his job and not the State Department's. Is that an accurate reflection of what you think the rules ought to be?

A. That wasn't put in the diplomatic way that I've learned to say things, or tried to, in the last 6 months.

Q. But structurally you think that would help.

A. I think that those four points highlight the point that I made a moment ago. The President, under the Constitution, makes foreign policy; he's got greater powers there than he does in domestic policy.

Secondly, he ought to have a Secretary of State in whom he has confidence as his delegated voice.

That's the arrangement, and that should be the arrangement. To the extent that someone else—whether it's the National Security Adviser or the Secretary of Defense—articulates foreign policy, then to that extent you send mixed signals, or at least risk it.

¹Press release 2 of Jan. 7, 1981. ■

- Formulate plans for coordinated action.

In addition to these immediate actions, the governments also plan to present to an international conference on dioxins, tentatively scheduled in Washington in October 1981, the results of the work accomplished.

Agencies of the governments will continue to forward information on 2,3,7,8-TCDD to the International Joint Commission which, through its Great Lakes Water Quality Board and Science Advisory Board, is already considering this issue.

¹Press release 351 of Dec. 19, 1980. ■

Air Pollution Legislation

U.S. Federal agencies are examining the terms of recent Canadian legislation dealing with air pollution which may affect the United States. By unanimous action on December 16 the Canadian House of Commons adopted a measure which would enable the Canadian Federal Government to take action in instances where there is reason to believe that Canadian emission sources contribute to air pollution in another country. The Canadian law is similar in purpose to Section 115 of the U.S. Clean Air Act. That section provides for action by the U.S. Federal Government to initiate revision of State implementation plans on air quality in those cases where there is reason to believe that pollution from U.S. sources endangers public health or welfare in a foreign country, so long as that country provides "essentially the same rights" to the United States.

In the coming period the U.S. Government will consider whether the Canadian legislation provides the reciprocity required under Section 115. Canada's action, taken in the context of the Memorandum of Intent on transboundary air pollution signed by Secretary Muskie and the Canadian Environment Minister on August 5, 1980, is a positive step toward closer cooperation in dealing with transboundary air pollution issues.

Press release 355 of Dec. 4, 1980. ■

Two Years of U.S.-China Relations

The United States and the People's Republic of China established diplomatic relations on January 1, 1979. Since then, the U.S. and Chinese Governments have cooperated in the rapid reconstruction of normal relations in virtually every field. The Office of Chinese Affairs in the Bureau of East Asian and Pacific Affairs has compiled the following chronology for the benefit of students, scholars, and the interested public.

1979

January 1

On the basis of the joint communique and separate statements issued on December 15, 1978, the U.S. and the People's Republic of China (P.R.C.) extend mutual recognition and establish diplomatic relations. U.S. simultaneously withdraws recognition and breaks diplomatic relations with Taipei. U.S. gives notice to the Taiwan authorities that it is exercising its right under Article X of the March 3, 1955, "Mutual Defense Treaty between the United States of America and the Republic of China" to terminate that treaty effective January 1, 1980. While the treaty remains in force, the U.S. will impose a 1-year moratorium on new commitments for U.S. arms sales to Taiwan, although previous commitments for arms deliveries will be honored.

Chinese officials attending the third session of the fifth National People's Congress (NPC) declare that China will respect the "status quo on Taiwan . . . in settling the question of reunification"; that "all military confrontation should be ended" between the government of China and the Taiwan authorities; that both sides should reestablish postal and transportation links and develop bilateral trade.

January 2

Vice Premier Deng Xiaoping tells U.S. congressional group, led by Representative Thomas L. Ashley (Ohio), that reunification of Taiwan with the rest of China will be peaceful.

January 3-14

Senator Sam Nunn (Georgia) leads a delegation of the Pacific Study Group of the Senate Armed Services Committee to China.

January 9

In conversation with Senator Nunn and Senate group, Vice Premier Deng tells delegation that Taiwan need not disarm after reunification; calls for bigger U.S. naval presence in Pacific and greater Southeast Asian defense cooperation.

January 11

Chinese Government drops tariffs on imports from Taiwan.

January 16

American Institute in Taiwan (AIT) is registered as a private, nonprofit corporation in the District of Columbia.

January 22-26

Deputy Assistant Secretary of State for International Trade Affairs William Baraclough, chief U.S. textile negotiator Michael Smith, and chief of China Textiles Import-Export Corporation Han Fangyu lead preliminary consultations on textile trade in Washington.

January 26

President Carter formally transmits to Congress a draft bill to implement the U.S.-China joint communique and to empower the AIT to manage unofficial relations with the people on Taiwan.

January 28-
February 5

Vice Premier Deng, Vice Premier Fang Yi, and Foreign Minister Huang Hua visit the U.S. In Washington they meet for talks with President Carter, Secretary of State Cyrus R. Vance, and leading members of the Senate and House of Representatives. Vice Premier Deng and entourage then visit Atlanta, where they tour Ford Motor Company; Houston, where they visit NASA facilities and Hughes Tool Company; and Seattle, where they tour Boeing's 747 plant.

January 31

Vice Premier Deng reiterates, in a U.S. television interview, that China will make all attempts to bring about reunification with Taiwan by peaceful means.

President Carter and Vice Premier Deng preside at a ceremony at which a series of agreements are signed. These agreements commit both sides to facilitate the reunification of families and establish

rules to govern problems of those who claim dual nationality, establish a Joint Commission on Scientific and Technological Cooperation, promote collaboration in the field of high energy physics, and encourage cultural exchange and cooperation between the two countries. Separately, the two sides agree to establish a Joint Economic Committee.

February 1

"Joint press communique" issued in which the U.S. and China agree to facilitate the accreditation of resident journalists and undertake to conclude trade, aviation, and shipping agreements.

February 12-24

Representative Les AuCoin (Oregon) leads State trade delegation to China.

February 15

Taiwan agrees to the establishment of a nongovernmental organization, the Coordination Council for North American Affairs (CCNAA), to carry out unofficial relations with the people of the U.S.

February 17

Representative AuCoin and his delegation meet with Bank of China Deputy Manager Jin Deqin and other Bank of China officials; discuss the claims settlement question and the possibility of Export-Import Bank loans to China.

State Department responds to Chinese intervention in Vietnam by calling for "immediate withdrawal of Vietnamese troops from Cambodia (Kampuchea) and Chinese troops from Vietnam."

February 24-28

Governor Jay Hammond (Alaska) leads trade mission to China; Hammond is the first U.S. governor to visit China following normalization.

February 24-

March 4

Secretary of the Treasury W. Michael Blumenthal visits China and meets with Premier Hua Guofeng, Vice Premier Deng, and other senior Chinese officials.

February 26

Following hearings before the Senate Foreign Relations Committee, the Senate (82 to 9) confirms U.S. Liaison Office chief Leonard Woodcock as the first U.S. Ambassador to the P.R.C.

February 26-

March 2

Minister of Metallurgical Industries Tang Ke visits U.S.; meets with Secretary of Commerce Juanita Kreps.

February 28

Embassy of the formerly recognized Chinese Government (Taipei) officially closes in Washington, as does the American Embassy at Taipei.

March 1

U.S. and China formally establish diplomatic relations at the ambassadorial level as Embassies open at Beijing and Washington. Chinese Ambassador Chai Zemin presents his credentials to President Carter in Washington.

March 2

Secretary Blumenthal and Minister of Finance Zhang Jingfu initial a claims settlement agreement which provides for payment by China of \$80.5 million in settlement of \$196 million in property claims of U.S. nationals and the release by the U.S., by October 1, 1979, of approximately \$80.5 million in Chinese assets frozen during the Korean war.

March 7

Ambassador Woodcock presents his credentials to Ulanhu, Vice Chairman of the Standing Committee of the NPC, in Beijing, thus completing the establishment of ambassadorial relations between the U.S. and China.

March 8-18

Governor Richard Thornburg (Pennsylvania) leads trade mission to China.

March 13

U.S. Senate and House of Representatives pass separate bills on U.S. non-governmental relations with Taiwan.

March 15-24

Deputy Secretary of Agriculture Dale Hathaway leads a U.S. Department of Agriculture delegation to China. Representative Bill Alexander (Arkansas) accompanies the delegation.

March 16

Chinese Government formally protests congressional amendments to the Taiwan Relations Act, charging that the legislation contravenes the principles of normalization recorded in the joint communique.

March 24-31

House Ways and Means Committee delegation, led by Representative Al Ullman (Oregon), visits China; meets with Vice Premier Deng.

March 27

House backs Senate-House compromise on the Taiwan Relations Act (339 to 50).

March 28

Senate approves Taiwan Relations Act (85 to 4).

April 3

China delays signing the "claims-assets" settlement in protest of legislative action on Taiwan Relations Act.

April 10

President Carter signs the Taiwan Relations Act (Public Law 96-8), stating that he will implement it in a manner consistent with U.S. commitments under the joint communique.

AIT formally opens in Taipei.

April 12-20

Textile negotiator Smith, and chief of China Textiles Import-Export Corporation Han Fangyu, lead the first round of textile negotiations in Beijing.

April 13-19

Representative Jack Brooks (Texas), Chairman of the Committee on Government Operations, leads a congressional delegation to China.

April 14-17

Representative William Nichols (Alabama) visits Beijing in connection with U.S.-China textile negotiations.

April 14-21

Representative Melvin Price (Illinois), Chairman of the House Armed Services Committee, leads congressional delegation to China; meets with Vice Premier Deng and Deputy Chief of the General Staff of the People's Liberation Army (PLA) Wu Xiuquan.

April 15-20

Senate Foreign Relations Committee delegation, headed by Senators Frank Church (Idaho) and Jacob Javits (New York), visits China. A group of north-western business representatives accompanies delegation.

April 16

Vice President of the Academy of Social Sciences Huan Xiang leads delegation to

Washington for meetings with the U.S. Committee on Scholarly Communication with the P.R.C.

April 17-28

Vice Minister of Communications Peng Deqing leads delegation to Seattle to attend ceremonies marking the first call of a Chinese ship at a U.S. seaport.

April 18

Representative Brooks' delegation meets with Vice Premier Deng.

April 19

Vice Premier Deng tells Senator Church and his delegation that the Taiwan Relations Act undermines the normalization of U.S.-China relations and comes close to nullifying it.

April 21-24

Representative Augustus Hawkins (California) leads delegation of the House Education and Labor Committee to China.

April 22

Representative Hawkins and his delegation meet with Vice Premier Li Xiannian; discusses China's major economic problems and the importance of good relations among China, Japan, and the Western alliance in preventing world war.

April 23

Representative Hawkins and his delegation meet with Deputy Director of the State Bureau of Labor Wang Jiong.

April 24-

May 9
Director of the National Bureau of Standards International Affairs Division Edward Brady leads delegation to China.

April 30

All U.S. forces and military installations are withdrawn from Taiwan.

May 4-15

Secretary of Commerce Kreps leads delegation to China; first round of U.S.-China negotiations on a maritime agreement is held in Beijing.

May 7

Secretary Kreps and Minister of Foreign Trade Li Qiang attend ceremonies in Beijing for the signing of four protocols covering atmospheric sciences, marine and fisheries sciences metrology and standards, and the management of scientific and technological information.

May 7

Secretary Kreps and Minister of Finance Zhang Jingfu formally sign the long-sought "claims-assets" agreement initiated during Secretary Blumenthal's March visit.

May 10

Secretary Kreps and Minister Li sign agreement designed to facilitate trade exhibitions for American and Chinese goods.

May 14

Secretary Kreps and Minister Li initial bilateral trade agreement.

May 19-

June 3

U.S. National Aeronautics and Space Administration (NASA) delegation, led by Administrator Robert Frosch, arrives in Beijing to implement the Sino-U.S. scientific and technical cooperation agreement.

May 21

NASA delegation meets Vice Premier Yu Qiuli.

May 21-30

Textile negotiator Smith and chief of China Textiles Import-Export Corporation Han Fangyu lead the second round of U.S.-China textile negotiations in Beijing.

May 22-29

U.S. postal delegation, led by Postmaster General William Bolger, visits China.

May 25

U.S. postal delegation and Chinese Ministry of Posts and Telecommunications sign a memorandum of understanding which provides for direct exchange of letters and post items, establishment of an express mail service between U.S. and Chinese cities, exchange of information on postal technology, and settlement of outstanding postal accounts dating back to 1949.

May 26-

June 2

U.S. Special Trade Representative Robert S. Strauss leads governmental and business delegation to China; holds textile negotiations with the Chinese in attempt to reach a compromise agreement; promotes U.S.-China business contact.

May 28-

June 10

Vice Premier in charge of the State Economic Commission Kang Shien visits U.S. and meets in Washington with President Carter, Secretary of Energy James Schlesinger, and other senior U.S. officials to discuss energy cooperation and oil exploration.

May 30

Special Trade Representative Strauss ends textile talks with the Chinese without agreement.

May 31

U.S. quotas are unilaterally imposed on five categories of Chinese textile imports.

June 1

Chinese officials accompanying Vice Premier Kang in the U.S. announce the beginning of negotiations with nine of the largest U.S.-based oil companies for seismic surveys in the South China Sea, which could lead to major U.S. involvement in Chinese offshore oil exploration.

June 3-7

Governor John Dalton (Virginia) leads delegation to China.

June 4-

July 1

Chief of the Office of Energy Resources of the U.S. Geological Survey (USGS), C. D. Masters, leads USGS petroleum (June 4-July 1) and remote sensing (June 4-28) delegations to China; groups visit China's Scientific Research Institute for Petroleum Exploration and Development.

June 5-6

M. J. Terman of the USGS Office of International Geography and Director of China's State Bureau of Geology (SBG) Sun Daguang meet in Beijing to discuss future USGS-SBG scientific cooperation.

June 6

Senate passes a nonbinding resolution that "approval of the U.S. Senate is required to terminate any Mutual Defense Treaty between the United States and another nation." The resolution is related to a Federal judge's decision earlier that day to dismiss a suit brought by 25 members of Congress against the President's decision to terminate the U.S. Mutual Defense Treaty with Taiwan.

June 6-9

Five American USGS remote sensing delegation geologists visit the Chaidamu

Basin in western China. They are the first known foreigners to learn the current status of geological research and petroleum exploration in this area.

June 11-25

Office of Earthquake Studies chief Robert Wesson leads USGS delegation to China as part of the U.S.-China cooperative earthquake program; group meets with China's State Seismological Bureau officials.

June 16-29

National Committee for U.S.-China Relations sponsors U.S. Conference of Mayors delegation to China.

June 19

Mayoral delegation meets with Vice Premier Li; discuss Sino-American economic relations.

June 22-30

Secretary of Health, Education and Welfare Joseph Califano visits China.

June 22

Secretary Califano and Chinese Minister of Health Qian Xinzong sign protocol on Cooperation in the Science and Technology of Medicine and Public Health.

Secretary Califano meets with Vice Premiers Fang Yi and Chen Muhua.

June 23

Secretary Califano signs a memorandum of understanding covering U.S.-China educational exchange programs, providing for the exchange of about 50 persons from both countries.

June 23-

July 13

Ambassador to the U.N. Conference on Science and Technology for Development (UNCSTD) Theodore Hesburgh leads delegation to China; delegation studies the role of traditional and modern science and technology in China's development.

June 24

Secretary Califano discusses U.S.-China educational exchange with Vice Premier Li Xiannian.

June 25

UNCSTD delegation meets with Vice Minister in Charge of the State Commission for Science and Technology Jiang Ming and Minister of Foreign Affairs Huang Hua.

June 26

UNCSTD delegation meets with State Economic Commission Deputy Director Guo Futao and Vice Premier Fang Yi.

June 28

Mayoral delegation meets with Guangdong Revolutionary Committee Chairman Yang Shangkun.

July 2-13

Ohio State trade delegation, headed by Governor James Rhodes, visits China.

July 6

Governor Rhodes and delegation meet with Vice Premier Yu Qiuli.

July 7

Ambassador Woodcock and Minister of Foreign Trade Li Qiang sign 3-year U.S.-China trade agreement in Beijing, by which the two countries accord each other most-favored-nation (MFN) tariff treatment and agree to other measures to promote bilateral trade and economic interaction.

July 10-24

Minister of Finance Zhang Jingfu visits U.S.

July 11

Minister Zhang and Treasury Secretary Blumenthal open talks in Washington.

August 7

Senator Henry Jackson (Washington) arrives in China for 18-day visit.

August 10-28

Governor John Carlin (Kansas) leads State trade mission to China.

August 14

Chinese officials and Pan American World Airways sign agreement concerning charter flights between San Francisco and Shanghai.

U.S. determines that China is a "friendly country" for the purposes of Section 607a of the Foreign Assistance Act of 1961, thus permitting U.S. Government agencies to furnish services and commodities to China on a reimbursement basis.

August 15-22

Representative Harley O. Staggers (West Virginia) leads a House Interstate and Foreign Commerce Committee delegation to China.

August 24

Senator Jackson tells the press in Beijing that Chinese leaders told him further

delay in MFN status would adversely affect U.S.-China relations.

August 25-

September 1

Vice President Mondale leads delegation to China.

August 26

Vice President Mondale says U.S.-China trade agreement will be submitted to Congress by November 1.

August 27

In a nationally televised address to the students and faculty of Beijing University, Vice President Mondale says the U.S. is ready to grant China \$2 billion in Export-Import Bank trade credits over the next 2-5 years and states that a weakened or isolated China would not be in U.S. interest.

August 28

Vice President Mondale signs agreements with China to expand cultural relations and promote cooperation in hydroelectric power and related water resource management.

August 31

Vice President Mondale formally opens the American Consulate General at Guangzhou, capital of Guangdong Province.

Chinese Government agrees to negotiate a civil aviation agreement with the U.S. Vice President Mondale indicates that the Carter Administration will terminate and replace with an unofficial arrangement the Nanking agreement of 1946, which regulates civil air transport between the U.S. and Taiwan, but purports to grant U.S. carriers landing rights on the China mainland.

Treasury Department allows the first U.S. Government checks to be sent to China since 1949.

September 9-21

Governor of Anhui Province, Wan Li, visits U.S. as guest of Governor Harry Hughes (Maryland).

September 15-

October 5

Minister of Agricultural Machinery Yang Ligong leads delegation to U.S.

September 16-23

Governor Dixy Lee Ray (Washington) leads delegation to China; meets with Vice Premier Deng and other senior Chinese officials.

The Inaugural Address of President Reagan

Ronald Reagan was sworn in as the 40th President of the United States on the west side of the Capitol on January 20, 1981. Following is the text of his inaugural address.¹

To a few of us here today, this is a solemn and most momentous occasion. And yet in the history of our nation, it is a commonplace occurrence. The orderly transfer of authority, as called for in the Constitution, routinely takes place as it has for almost two centuries, and few of us stop to think how unique we really are. In the eyes of many in the world, this every-4-year ceremony we accept as normal is nothing less than a miracle. Mr. President, I want our fellow citizens to know how much you did to carry on this tradition. By your gracious cooperation in the transition process, you have shown a watching world that we are a united people, pledged to maintaining a political system which guarantees individual liberty to a greater degree than any other. And I thank you and your people for all your help in maintaining the continuity which is the bulwark of our republic.

The business of our nation goes forward. These United States are confronted with an economic affliction of great proportions. We suffer from the longest, and one of the worst, sustained inflations in our national history. It distorts our economic decisions, penalizes thrift, and crushes the struggling young and the fixed-income elderly alike. It threatens to shatter the lives of millions of our people. Idle industries have cast workers into unemployment, human misery, and personal indignity. Those who do work are denied a fair return for their labor by a tax system which penalizes successful achievement and keeps us from maintaining full productivity.

But great as our tax burden is, it has not kept pace with public spending. For decades we have piled deficit upon deficit, mortgaging our future and our children's future for the temporary convenience of the present. To continue this long trend is to guarantee tremend-

ous social, cultural, political, and economic upheavals. You and I as individuals can, by following, live beyond our means but for only a limited period of time. Why then should we think that collectively, as a nation, we're not bound by that same limitation? We must act today in order to preserve tomorrow. And let there be no misunderstanding—we're going to begin to act beginning today.

The economic ills we suffer have come upon us over several decades. They will not go away in days, weeks, or months, but they will go away. They will go away because we, as Americans, have the capacity now, as we've had in the past, to do whatever needs to be done to preserve this last and greatest bastion of freedom. In this present crisis, government is not the solution to our problem; government is the problem.

From time to time we've been tempted to believe that society has become too complex to be managed by self-rule, that government by an elite

we're sick; professionals, industrialists, shopkeepers, clerks, cabbies, and truck drivers. They are, in short, we the people—this breed called Americans.

For this Administration's objective will be a healthy, vigorous, growing economy that provides equal opportunities for all Americans with no barriers born of bigotry or discrimination. Putting America back to work means putting all Americans back to work; ending inflation means freeing all Americans from the terror of runaway living costs. All must share in the productive work of this new beginning, and all must share in the bounty of a revived economy. With the idealism and fair play, which are the core of our system and our strength, we can have a strong and prosperous America at peace with itself and the world.

So as we begin, let us take inventory. We are a nation that has a government, not the other way around. And this makes us special among the nations of the Earth. Our government has no power except that granted it by

To those neighbors and allies who share our freedom, we will strengthen our historic ties and assure them of our support and firm commitment. We will match loyalty with loyalty.

group is superior—the government for, by, and of the people. But if no one among us is capable of governing himself, then who among us has the capacity to govern someone else? All of us together, in and out of government, must bear the burden. The solutions we seek must be equitable with no one group singled out to pay a higher price. We hear much of special-interest groups. But our concern must be for a special-interest group that has been too long neglected. It knows no sectional boundaries or ethnic or racial divisions, and it crosses political party lines. It is made up of men and women who raise our food, patrol our streets, man our mines and factories, teach our children, keep our homes, and heal us when

the people. It is time to check and reverse the growth of government which shows signs of having grown beyond the consent of the governed. It is my intention to curb the size and influence of the Federal establishment and to demand recognition of the distinction between the powers granted to the Federal Government and those reserved to the States or to the people. All of us need to be reminded that the Federal Government did not create the States; the States created the Federal Government.

Now so there will be no misunderstanding, it's not my intention to do away with government. It is, rather, to make it work—work with us, not over us; to stand by our side, not ride on our

backs. Government can and must provide opportunity, not smother it; foster productivity, not stifle it. If we look to the answer as to why, for so many years, we achieved so much, prospered as no other people on Earth, it was because here, in this land, we unleashed the energy and individual genius of man to a greater extent than has ever been done before. Freedom and the dignity of the individual have been more available and assured here than in any other place on Earth. The price for this freedom at times has been high, but we have never been unwilling to pay that price.

It is no coincidence that our present troubles parallel, and are proportionate to, the intervention and intrusion in our lives that result from unnecessary and excessive growth of government. It is time for us to realize that we are too great a nation to limit

land. Your dreams, your hopes, your goals are going to be the dreams, the hopes, and the goals of this Administration, so help me God.

We shall reflect the compassion that is so much a part of your makeup. How can we love our country and not love our countrymen? And loving them, reach out a hand when they fall, heal them when they're sick, and provide opportunity to make them self-sufficient so they will be equal in fact and not just in theory.

Can we solve the problems confronting us? Well, the answer is an unequivocal and emphatic yes. To paraphrase Winston Churchill: I did not take the oath I've just taken with the intention of presiding over the dissolution of the world's strongest economy. In the days ahead, I will propose removing the roadblocks which have slowed our economy and reduced pro-

our freedom, we will strengthen our historic ties and assure them of our support and firm commitment. We will match loyalty with loyalty. We will strive for mutually beneficial relations. We will not use our friendship to impose on their sovereignty, for our own sovereignty is not for sale.

As for the enemies of freedom, those who are potential adversaries, they will be reminded that peace is the highest aspiration of the American people. We will negotiate for it, sacrifice for it; we will not surrender for it, now or ever. Our forbearance should never be misunderstood. Our reluctance for conflict should not be misjudged as a failure of will. But if action is required to preserve our national security, we will act. We will maintain sufficient strength to prevail, if need be. Knowing that if we do so, we have the best chance of never having to use that strength. Above all, we must realize that no arsenal or no weapon in the arsenals of the world is so formidable as the will and moral courage of free men and women. It is a weapon our adversaries in today's world do not have. It is a weapon that we as Americans do have. Let that be understood by those who practice terrorism and prey upon their neighbors.

I'm told that tens of thousands of prayer meetings are being held on this day. For that I'm deeply grateful. We are a nation under God. And I believe God intended for us to be free. It would be fitting and good, I think, if on each inaugural day in future years, it should be declared a day of prayer.

This is the first time in our history that this ceremony has been held, as you've been told, on this west front of the Capitol. Standing here, one faces a magnificent vista, opening up on this city's special beauty and history. At the end of this open mall, are those shrines to the giants on whose shoulders we stand. Directly in front of me, the monument to a monumental man, George Washington, father of our country, a man of humility who came to greatness reluctantly. He led America out of revolutionary victory into infant nationhood. Off to one side, the stately memorial to Thomas Jefferson. The Declaration of Independence flames with his eloquence. And then, beyond the Reflecting Pool, the dignified columns of the Lincoln Memorial. Whoever would understand in his heart the meaning of America will find it in the life of Abraham Lincoln.

... peace is the highest aspiration of the American people. We will negotiate for it, sacrifice for it; we will not surrender for it, now or ever.

ourselves to small dreams. We're not, as some would have us believe, doomed to an inevitable decline. I do not believe in a fate that will fall on us no matter what we do. I do believe in a fate that will fall on us if we do nothing.

So with all the creative energy at our command, let us begin an era of national renewal. Let us renew our determination, our courage, and our strength, and let us renew our faith and our hope. We have earned every right to dream heroic dreams. Those who say that we're in a time when there are no heroes, they just don't know where to look. You can see heroes every day going in and out of factory gates; others, a handful in number, produce enough food to feed all of us and then the world beyond. You meet heroes across a counter and on both sides of that counter. They are entrepreneurs, with faith in themselves and faith in an idea, who create new jobs, new wealth, and opportunity. They are individuals and families who pay taxes, support the government, and whose voluntary gifts support church, charity, culture, art, and education. Their patriotism is quiet but deep; their values sustain our national life.

Now I have used the words "they" and "their" in speaking of those heroes; I could say "you" and "your" because I'm addressing the heroes of whom I speak—you, the citizens of this blessed

ductivity. Steps will be taken aimed at restoring the balance between the various levels of government. Progress may be slow—measured in inches and feet, not miles—but we will progress. It is time to reawaken this industrial giant, to get government back within its means, and to lighten our punitive tax burden. And these will be our first priorities, and on these principles there will be no compromise.

On the eve of our struggle for independence, a man who might have been one of the greatest among the Founding Fathers, Dr. Joseph Warren, president of the Massachusetts Congress, said to his fellow Americans: "Our country is in danger, but not to be despaired of. . . . On you depend the fortunes of America. You are to decide the important questions on which rest the happiness and liberty of millions yet unborn. Act worthy of yourselves." Well, I believe we, the Americans of today, are ready to act worthy of ourselves, ready to do what must be done to insure happiness and liberty for ourselves, our children, and our children's children.

And as we renew ourselves, here in our own land, we will be seen as having greater strength throughout the world. We will again be the exemplar of freedom and the beacon of hope for those who do not now have freedom. To those neighbors and allies who share

Beyond those monuments to heroism is the Potomac River and on the far shore, the sloping hills of Arlington National Cemetery, with its row upon row of simple white markers bearing crosses or Stars of David. They add up to only a tiny fraction of the price that has been paid for our freedom. Each one of those markers is a monument to the kind of hero I spoke of earlier. Their lives ended in places called Belleau Wood, the Argonne, Omaha Beach, Salerno, and halfway around the world on Guadalcanal, Tarawa, Pork Chop Hill, the Chosin Reservoir, and in 100 rice paddies and jungles of a place called Vietnam.

Under one such marker, lies a young man, Martin Treptow, who left his job in a small-town barber shop in 1917 to go to France with the famed Rainbow Division. There on the western front, he was killed trying to carry a message between battalions under heavy artillery fire. We're told that on his body was found a diary. On the flyleaf, under the heading "My Pledge," he had written these words: "America must win this war. Therefore, I will work, I will save, I will sacrifice, I will endure, I will fight cheerfully and do my utmost as if the issue of the whole struggle depended on me alone."

The crisis we are facing today does not require of us the kind of sacrifice that Martin Treptow and so many thousands of others were called upon to make. It does require, however, our best effort and our willingness to believe in ourselves and to believe in our capacity to perform great deeds. To believe that together, with God's help, we can and will resolve the problems which now confront us. And after all, why shouldn't we believe that? We are Americans. God bless you.

¹Text from Weekly Compilation of Presidential Documents of Jan. 26, 1981. ■

Secretary-Designate Haig Appears Before Senate Foreign Relations Committee

Opening statement by Secretary-designate Alexander M. Haig, Jr., before the Senate Foreign Relations Committee on January 9, 1981.¹

I am pleased to appear before this distinguished committee as the nominee of President-elect Ronald Reagan to be Secretary of State. I am prepared to answer any questions you may have concerning my qualifications for this office, my views on foreign policy, and my service to my country during the past three decades.

There could be no more critical time at which to assume the post of Secretary of State, and I am honored that the President-elect has chosen me as his designate. Over the past 200 years, the United States has stood as a beacon of liberty for the world. We have demonstrated that freedom and justice can thrive in a democratic society. We have, in this century, been often called to shed our blood for the nations of the free world; and in an ingenious and generous plan designed by a great Army general and Secretary of State, George C. Marshall, we helped, after the most devastating war in history, rebuild Europe and strengthen civilization.

Our record in this century is not perfect, but it should be a source of great pride. Our successes were founded on a firm commitment to our ideals combined with a sense of the realities of human nature and international politics. It is that combination that we must bring to bear in the decade ahead. If we do, I believe that America and its people will stand once again as an example for the peoples of the world and merit the highest judgment of history.

Our ideals must be reconciled with the reality we face. The United States must pursue its vision of justice in an imperfect and constantly changing world—full of peril but also full of opportunity. The world does not stand still for our elections, important as they are. Complex issues already crowd our foreign policy agenda. The earlier the Reagan Administration articulates its approach to these issues, the better served the nations of the world and the people of our own nation will be.

It would be premature here to set forth definitive policies or offer detailed

programs. Both tasks require analysis and thoughtful consideration by the President-elect and his advisers. But President-elect Reagan and I firmly believe that American foreign policy should have some permanent bedrock. The United States has been most effective in the world arena when the solid foundations of its foreign policy have been recognized and understood—by our own people and by the nations with which we must deal.

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The Present Global Environment

Every generation views its own perils as unprecedented. Even so, there is now widespread agreement that the years immediately ahead will be unusually dangerous. Evidence of that danger is everywhere.

- In Europe, still the fulcrum of the East-West balance, Soviet military power once again casts an ominous shadow over the efforts of an East European people to assert fundamental freedoms of association and expression.

- In the Middle East, an uneasy peace continues to be punctuated by raid and reprisal, with each such sequence threatening renewed and wider conflict.

- At the head of the Persian Gulf, war between Iran and Iraq threatens the very lifeblood of many national economies. Iran itself, once a major force for regional stability, lurches from demonstration to demonstration in a state of near anarchy. Meanwhile, not far to the east, 85,000 Soviet troops brutalize Afghanistan in the first major post-World War II employment of Soviet troops outside the area the Soviets have heretofore considered their sphere of influence.

- In Asia, sworn enemies face one another along a 5,000-mile arc from Thailand to the Manchurian frontier. On the Korean Peninsula, only a fragile truce persists nearly 30 years after the formal cessation of Korean hostilities.

- In Africa, Southeast Asia, Central America, and the Caribbean, turmoil and violence stunt national development and invite terrorism from within and adventurism from without, as millions of human beings starve and thousands of new refugees seek shelter each day.

It is no wonder the 1980s have been called a decade of crisis. Yet it is precisely that sort of appraisal which I believe we must reject. The very term "crisis" implies that events are out of control and that our nation can only react.

But the task of statesmanship is not simply to react to events. Those I just described are merely the current symptoms of more fundamental world problems. The task of statesmanship is to master these problems and thus minimize the necessity for ricocheting from crisis to crisis.

Today we face a world in which power in a variety of forms has become diffused among over 150 nations. Adjustment of relations with and among so many separate governments would be difficult enough, even were all equally responsible and equally committed to stability and peace. But many are willing to foment instability and violence to achieve their objectives. That reality alone should argue for better coordination of policies among the free nations. As I have underscored more than once to our allies in Europe, artificial operating boundaries self-imposed in a simpler era are increasingly irrelevant to today's needs to formulate and pursue policies together.

But the diffusion of power and its resulting instability are not the only arguments for concerted allied action. Our collective vulnerability to international unrest is matched by a socioeconomic challenge that we all share. The growing interdependence of our economies and our continued reliance on foreign sources for energy and raw materials have stripped the West of the independent and collective resilience which once allowed one nation's economic strength to bolster another's momentary weakness.

The significance of the economic challenges we face cannot be overemphasized. The potential for worldwide boom-or-bust is not unrelated to the diffusion of power among so many nations. Indeed, the decline in world oil supplies resulting from the war between Iran and Iraq is stark testimony that instability may be most likely precisely where its effect on world economies promises to be most debilitating.

Much of the fragmentation of power has occurred in the so-called Third World—a misleading term if ever there was one. If one thing has become abundantly clear in the last decade or so, it is that the commonality of condition, purpose—and by extension, U.S. foreign policy—implied by the term "Third World" is a myth, and a dangerous one at that.

Recent American foreign policy has suffered from the misperception which lumps together nations as diverse as Brazil and Libya, Indonesia and South Yemen, Cuba and Kuwait; and which has too frequently produced attempts to cut the national pattern to fit the foreign policy cloth. This failure to tailor policy to the individual circumstances of developing nations has frequently aggravated the very internal stresses which Western policy should seek instead to diminish. Our difficulties in this regard have hardly been lessened by our propensity to apply to these emerging states Western standards which resolutely ignore vast differences in their social cultures, political development, economic vitality, and internal and external security.

These fundamental problems—the diffusion of power, the interdependence of the allied community, and the failure to recognize the variety among the so-called Third World nations—are made the more intractable by what is perhaps the central strategic phenomenon of the post-World War II era: the transformation of Soviet military power from a continental and largely defensive land army to a global offensive army, navy, and air force fully capable of supporting an imperial foreign policy. Considered in conjunction with the episodic nature of the West's military response, this tremendous accumulation of armed might has produced perhaps the most complete reversal of global power relationships ever seen in a period of relative peace. Today the threat of Soviet military intervention colors attempts to achieve international civility. Unchecked, the growth of Soviet military power must eventually paralyze Western policy altogether.

These, then, are fundamental problems which challenge American foreign policy and the future of the democracies generally. To say that is not to diminish the importance of other Western goals—the eradication of hunger, poverty, and disease; the expansion of the free flow of people, goods, and ideas; the spread of social justice; and through these and similar efforts, the improvement of the human condition. It is simply to recognize that these desirable and critical objectives are impossible to achieve in an international environment dominated by violence, terrorism, and threat.

The United States has a clear choice. We can continue, if we wish, to react to events as they occur—serially, unselectively, and, increasingly in the final analysis, unilaterally. One lesson of Afghanistan is certainly that few symptomatic crises are capable of effectively rallying

the collective energies of the free world. We may wish it were otherwise, but wishing will not make it so.

Alternatively, we can confront the fundamental issues I have discussed. We can seek actively to shape events and, in the process, attempt to forge consensus among like-minded peoples. Such a consensus will enable us to deal with the more fundamental tasks I have outlined—the management of Soviet power; the reestablishment of an orderly international economic climate; the economic and political maturation of developing nations to the benefit of their peoples; and the achievement of a reasonable standard of international civility. Acting alone, each of these tasks is beyond even our power; acting together, all are within the capacity of free nations.

I do not mean to belittle the difficulties. They are formidable. But our collective capacity to meet them is also formidable. The challenge of American foreign policy in the 1980s is to marshal that capacity.

America's Challenges for the 1980s

If we are to succeed in this effort, the conduct of American foreign policy must be characterized above all by three qualities.

First, we must act with consistency. Specific issues may furnish the occasion for action, but they cannot constitute the sole basis for policy. Once we accept that the specific issues facing us today are merely surface manifestations of more fundamental problems, it must also be clear that effective policy cannot be created anew daily, informed solely by the immediate need. To do so risks misperception by our adversaries, loss of confidence by our allies, and confusion among our own people. U.S. policy has been most effective—in Europe and the Middle East, for example—where consistent U.S. interests have been consistently pursued.

Second, we must behave reliably. American power and prestige should not be lightly committed; but once made, a commitment must be honored. Our friends cannot be expected to share in the burdens and risks of collective action if they cannot count on the word of the United States. Our adversaries cannot be expected to exercise prudence if they perceive our resolve to be hostage to the exigencies of the moment. Those whose posture toward us remains to be determined cannot be expected to decide in favor of friendship if they cannot confidently assess the benefits of association

with us. To be perceived as unreliable is, therefore, to become virtually irrelevant as an influence for stability and peace and to leave the international arena to the mercy of those who do not share our commitment to either.

Finally, and in some ways most important, American foreign policy must demonstrate balance, both in our approach to individual issues and in the orchestration of policy generally. By balance, I mean recognizing that complex issues invariably require us to weigh, and somehow reconcile, a variety of pressures, often competing.

- I believe that equitable and verifiable arms control contributes to security. But restraint in the growth and proliferation of armaments will not be achieved by policies which increase the very insecurities that promote arms competition.

- Domestic economic stability will not be enhanced by the establishment of short-sighted, economic barriers which undermine the multilateral cooperation essential to the prosperity of all.

- The assurance of basic human liberties will not be improved by replacing friendly governments which incompletely satisfy our standards of democracy with hostile ones which are even less benign.

- And our commitment to peace will not be furthered by abdicating the right to exercise military power to only the most ruthless members of the international community.

Balance must also be struck in the orchestration of policy generally: in our selection of the issues we choose to address; in the priority we accord them; and in understanding the relationship of individual issues, one to another, and each to our broad policy objectives. This form of balance has become known as linkage, and the President-elect has publicly stated his commitment to it.

No mystical profession of faith is involved here. In a system ever more interdependent in every sense, issues and the policies which attempt to deal with them are linked, whatever our preferences. That does not mean that every negotiation must be a prisoner of the daily headlines; it does mean that specific relationships cannot be established in isolation from the climate in which they must be maintained.

Establishing a Foreign Policy Consensus

Consistency, reliability, balance. These three attributes are essential, not because they guarantee a successful foreign policy—nothing can do that—but because their absence guarantees an unsuccessful one. Unfortunately, as De Tocqueville pointed out long ago, these are precisely the qualities which a democracy finds most difficult to muster. This inherent difficulty has been complicated in the past decade by the breakdown of foreign policy bipartisanship and by the development of unnecessary division between Congress and the executive branch, and among the executive departments themselves.

Our urgent task is to reestablish an effective foreign policy consensus. To do so, I believe three conditions must be met.

First, the constitutional and traditional responsibility of the President for the conduct of foreign affairs must be reaffirmed. The U.S. Government must speak to other nations with a single voice. To say that is in no sense to argue for curtailing discussion or debate. On the contrary, I believe both are essential. But the authoritative voice must be the President's. The President needs a single individual to serve as the general manager of American diplomacy. President-elect Reagan believes that the Secretary of State should play this role. As Secretary of State, I would function as a member of the President's team but one with clear responsibility for formulating and conducting foreign policy and for explaining it to the Congress, the public, and the world at large. The Assistant to the President for National Security Affairs would fill a staff role for the President.

Second, an effective partnership must be restored with the Congress. By partnership, I do not mean occasional retrospective reporting. I mean active consultation, exchange of ideas and proposals in a timely manner, in an atmosphere of mutual respect, trust, and confidence, recognizing the special role of the Senate. The Congress can hardly be expected to allow the President the discretion he requires unless it is comfortable with the purposes toward which, and limits within which, that discretion will be exercised. The Constitution demands it, and good sense urges it. In turn, Congress must do its part. In a partnership, both sides must behave responsibly.

Finally, the most consistent articulation of policy is wasted if the professionals who must execute it are divorced from

its formulation and if their experience and skill are usurped in the name of confidentiality, haste, or political sensitivity. The career personnel of the State Department and the Foreign Service are an unmatched intellectual resource, and they will be around long after the President and the Secretary of State are gone. If the United States is to act consistently and reliably in the world arena, it must use its career professionals. Their effective participation in policymaking is imperative.

I have outlined what I consider to be the essential challenges, qualities, and requirements of a sound American foreign policy. In closing, let me speak to our resources, which are considerable.

Although we have economic problems, we still possess the largest and strongest economy on Earth. It is within our power to revitalize our productive base, maintain and expand our agricultural strength, regain commercial competitiveness, and reduce our dependency on foreign sources of energy and other raw materials. No American foreign policy can succeed from a base of economic weakness.

Our alliances enable us to draw on the strengths and the wisdom of some of the world's greatest nations. Yet our alliances must be tended and adapted to new problems not visualized by their creators. In the process, we must bear in mind that the essence of any alliance is its core of shared commitment and endeavor. In the 1980s, we should not let ourselves become preoccupied with debates over who is doing more; the challenges we face will require more from all of us.

We possess a full range of the instruments of effective statecraft: a diplomatic corps second to none; economic and military assistance programs; a variety of sophisticated cultural and informational resources; and, of course, military power which no potential adversary can afford to ignore. These instruments provide the United States with unrivaled capacity to influence the course of international events. Their maintenance or neglect will declare American intentions far more clearly than any rhetoric.

But I believe our greatest strength is the strength of our values and political institutions. These have been tested in recent years. But they have survived. As we survey the world, reflect on its problems, and recognize its dangers, we must accept the fact that, like it or not, we are a nation of trustees—trustees for the values of freedom and justice that have inspired mankind for thousands of years.



White House photo by Mary Anne Fackelmann

Alexander M. Haig, Jr., takes the oath of office as Secretary of State on January 22, 1981, at the White House while Mrs. Haig holds the Bible. Robert Linder (right), acting director of White House operations and a notary public, administers the oath.

The Secretary of State

Following his election on November 4, 1980, President-elect Ronald Reagan nominated Mr. Haig to be his Secretary of State. He was subsequently confirmed by the Senate and was sworn in as the 59th Secretary of State on January 22, 1981.

Secretary Haig graduated from the U.S. Military Academy in 1947, was commissioned a second lieutenant in the Army, and advanced through a variety of military assignments, including ser-

The Secretary of State of the United States has a responsibility second only to that of the President himself to insure that this trusteeship is managed wisely and well. I approach this responsibility in full recognition of the gravity of our task, with confidence that we will succeed, and with the knowledge that working closely with this committee and the Congress is a key to our success.

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. ■

vice in Japan, Korea, Europe, and Vietnam. He pursued graduate studies in business administration at Columbia University (1954-55) and received a Master's degree in international relations from Georgetown University (1962).

He served in the Pentagon from 1962 to 1965, where his positions included Military Assistant to the Secretary of the Army and Deputy Special Assistant to the Secretary of Defense. He served in Vietnam in 1966 and 1967, receiving the Distinguished Service Cross.

In January 1969, he was assigned as senior military adviser to Dr. Henry Kissinger, then Assistant to the President for National Security Affairs, and 18 months later he became the Deputy Assistant to the President for National Security Affairs. He was promoted to full general in 1972. During his 4 years in the White House ending in 1973, he made 14 trips to Southeast Asia as the personal emissary of the President, including negotiating the Vietnam cease-fire and the return of U.S. prisoners of war. In addition, he coordinated preparations for President Nixon's historic visit to China.

Mr. Haig was serving as Army Vice Chief of Staff when President Nixon appointed him in May 1973 to rebuild the White House staff. Although this was to be a temporary position, the President subsequently named him White House chief of staff, and he retired from the military after 26 years of active service.

He served in the White House until October 1974, when President Ford

recalled him to active duty as Commander in Chief, U.S. European Command. Two months later, Mr. Haig was also appointed Supreme Military Commander in Europe. In that position, he was responsible for the integrated military forces of the 13 member nations of the North Atlantic Treaty Organization (NATO). He resigned his post effective June 30, 1979, and retired from the Army.

Secretary Haig was elected president and chief operating officer of United Technologies and a member of its board of directors on December 21, 1979, where he served until assuming his present position.

He is a life member of the Navy League and the Veterans of Foreign Wars of the United States. Secretary Haig is a recipient of an honorary law degree from Niagara University and honorary doctor of laws degrees from Boston College, St. Anselm's College, the University of Utah, Western State School of Law, and Loyola College, Baltimore.

He was born December 2, 1924, in Philadelphia, attended St. Joseph's Preparatory School there, and graduated from Lower Merion High School in Ardmore, Pennsylvania.

Secretary Haig is the recipient of the following honors: Charles Evans Hughes Gold Medal Award of the National Conference of Christians and Jews; Dwight D. Eisenhower Distinguished Service Award and Citation of the Veterans of Foreign Wars of the United States; Hap Arnold Award of the U.S. Air Force Association; James Forrestal Award of the National Security Industrial Association; David Sarnoff Award of the Armed Forces Communications and Electronics Association; William Penn Award of the Penn Club of Philadelphia; Hall of Heroes Gold Medallion of the Chapel of the Four Chaplains; and the Bob Hope Four-Star Civilian Award from Valley Forge Military Academy and Junior College.

Among his many military decorations, Secretary Haig holds the Distinguished Service Cross; the Defense Distinguished Service Medal with Oak Leaf Cluster; the Silver Star with Oak Leaf Cluster; the Distinguished Flying Cross with Oak Leaf Clusters; and the Purple Heart. He has received the highest awards from the Governments of Belgium, the Federal Republic of Germany, France, Italy, Luxembourg, the Netherlands, and Portugal.

Press release 28 of Feb. 1, 1981. ■

Secretary Haig's News Conference of January 28

I think it's the Judaeo-Christian Bible that says the universe was created in 7 days and that even provided a day of rest. I tell you, it's been a very humbling week for me, and I feel very, very human.

As you know, this is the end of our first week in this Administration. It's been an extremely busy one. It's involved for me those all-too-short confirmation hearings on the Hill [laughter]; it's involved efforts to put in place a number of our key team players down through and including assistant-secretary level. I want you to know I've done that in all but two assistant-secretary billets of about 30 involved, to say something or nothing about my personal staff and the Secretariat of the Department of State itself on the 7th floor.

It's been somewhat of an experience to discover firsthand the delays in bureaucratic obstacles associated with the clearance process, but I want you to know that I anticipate that each and every one of my nominees—my nominees—will ultimately be approved and hopefully confirmed in consultation with the Congress where appropriate.

It's also been a very busy week in a bureaucratic sense and I think I leave the week's experience again with an even enhanced appreciation for the role of the professional in this Department, because they're the ones that have to carry the burden during periods of transition, our in-place pros. They're the ones who have enabled me this week to establish interdepartmental working groups in every region of departmental activity and in a number of key and urgent functional areas. I'm very pleased that this has been accomplished, primarily as a result of the team that was in place, when I came here, of professionals, with the help of an additional number of augmentees that I brought with me from the transition team.

It has been a busy week also because, as you know, today we have our first official state visitor, Prime Minister Seaga from Jamaica. We have meetings scheduled next week with the President of Korea, to be followed by King Juan Carlos of Spain, and, of course, the Prime Minister of Great Britain, Mrs. Thatcher. I will be meeting Friday with the Cana-

dian Foreign Minister here in the Department, and there are a number of other meetings scheduled with European foreign ministers. The first, of course, is Foreign Minister Francois-Poncet of France.

In addition to that, we found ourselves engrossed immediately and instantaneously with the problem of the return of our hostages, and I'm happy to say in hindsight, reflecting upon the events of this past weekend and this week and yesterday especially, that those events were carried out with what I consider to be the ultimate of appropriateness.

There has been some controversy this week about the so-called "agreements" which brought our hostages back to our shores at long last. I think it's important that those who analyze and assess the pros and cons of these agreements, which were arrived at under the most unprecedented and unusual conditions in our history, be recognized to be perhaps the most complex series of international agreements that I have been exposed to: four agreements, ten Executive orders, all requiring a host and array of regulations to implement.

I'm not an international lawyer, and I'm not even a domestic lawyer—although I've had a great deal of recent experience—and I can tell you that analyzing and assessing the obligations of both sides with respect to these accords, agreements, Executive orders, is going to take a great deal of time and effort by the most experienced of legal minds.

I would anticipate, and I reiterate, that the U.S. Government will fulfill its obligations in accordance with both international law and the accepted norms of domestic legal practice. The process is underway and has been underway within the executive branch by those departments which are particularly expert in reviewing all of these obligations. And ultimately, of course, there will be assessments made with respect to how the other side also adheres to the obligations it has incurred in these accords.

I would like to get out front with respect to one or two issues in these accords. There has been speculation as to whether or not these accords provide for the resumption of the provision of mili-

tary equipment to the Government of Iran, either that equipment previously purchased and contracted for, or perhaps additional equipment. Let me state categorically today, there will be no military equipment provided to the Government of Iran, either under earlier obligations and contractual arrangements or as yet unstated requests. There were no discussions about the provision of armaments by the previous Administration as it completed the accords in those anguishing last hours.

Secondly, as you know, one of the Executive orders signed by President Carter relieved the obligation for the sanctions in trade. We have, in that regard, issued a warning or an advisory, if you will, about the undesirability of travel of American citizens to Iran; and, until further deliberations are made with respect to future commercial arrangements, it's my view that the most careful caution should be applied by American firms, large and small.

Having said all of these things, it's your turn to have at me. I want to conclude by emphasizing that I hope in the period ahead to meet regularly here with this diplomatic press corps. It's a press corps that enjoys the reputation of being the sharpest and the meanest I know, and I welcome that because I think the kind of dialogue we will have here should be both enlightened and specific and pertinent. I welcome your questions.

Q. Can you tell us whether the Reagan Administration is considering taking retaliation against Iran for taking of the hostages and its treatment of them? And, if so, what measures are being considered, such as the reimposition of the trade embargo?

A. First, let me, early on in our dialogue, suggest that experience has taught me that speculation about future actions of that kind—contingency planning—in a public forum is frequently self-defeating because it ends up creating the kind of controversies that deprive one of the ability to do anything in the second place. So I'm going to avoid it.

I would emphasize again that the period ahead is going to clearly demonstrate the nature and character of the Iranian regime's post-hostage return at-

titude, there are additional American hostages in Iran—one with a clear citizenship connotation—and a host of other incurred obligations which make that question a little premature in the context of my answer.

Q. Along that same line, however, but on a more general scale. Yesterday the President, in welcoming the hostages, talked of swift and effective retribution in case of future incidents involving terrorism. Can you supply us with any idea of the guidelines on that retribution? For example, will there be retribution in cases which do not involve another government? In other words, a free-lance terrorist, if you will.

A. I said, I think to somebody last night, that was consciously ambiguous, that statement. Consciously ambiguous in the sense that any terrorist government or terrorist movement that is contemplating such actions I think knows clearly what we are speaking of.

As you parse it out in the context of individuals or separatist movements or independence movements, of course, the problem is substantially different and the restraints and the ability to apply retaliatory action is sometimes not only constrained but uncertain. So I caveat it that way.

Q. Could you give us your criteria for resuming arms control negotiations with the Soviet Union?

A. This is a question upon which there's been a great deal of speculation and some questions to me in my confirmation hearings. I think President Reagan has stated repeatedly that the United States cannot contemplate negotiations or ratifications of arms control agreements exclusive of consideration of the conduct and the activities of the Soviet Union outside the sphere of arms control. That's the shorthand for linkage.

I don't think it would be appropriate for me today, in the context of future strategic arms limitations talks, to clarify further precisely how that principle will be applied. But clearly, that principle will be applied.

Q. Perhaps in relation to that, could you give us your judgment of developments within the past week or so in Poland—whether Soviet forces remain in the state of readiness that were described a month ago by the Carter Administration—and what your sense is at this point of the immediate future and Soviet action perhaps?

A. First let me clarify one prospect of your premised question. I think, following those early days in December when the state of readiness was somewhat heightened, there has been somewhat of a decline. That is not to suggest that Soviet forces and other Eastern European forces are not postured in such a way that they could react very, very quickly in Poland.

As you know, in early December, the North Atlantic Council of the NATO alliance suggested in very clear language that any Soviet intervention in Poland would have the gravest consequence in the context of ongoing East-West relations and that those consequences would be longstanding in time. I know of nothing today that would cause this Administration or this State Department to depart from the strong affirmation of that view.

Q. On Poland. I understand that the Polish Government has indicated, at some level at least informally, that they do still wish to request a massive aid program from the United States. What is your inclination in terms of economic assistance?

A. As you know, substantial assistance has already been provided in terms of loans for foodstuffs. I think it's important that we all recognize that the provision of either credits or cash or economic assistance to Poland today is not the answer to the problem.

We find a situation in which just debt servicing alone consumes half of the available assets. The problem involves internal reform within the Polish State, and it is up to the Polish Government and Polish authorities to work this out. That notwithstanding, we continue to feel a very important and sensitive sympathy for the people of Poland and their current plight, and we are considering what further steps could be taken.

Q. There has been a number of press reports this week about steps, or alleged steps, that you've taken to assert your predominance over the foreign policy bureaucracy. Could you—

A. I was discussing that just the other day as the President was taking his first shower in the White House.
[Laughter]

Q. Could you give us your concept, or what the agreed concept is, between yourself and the President of how the National Security Council [NSC] will operate vis-a-vis the State Department so there is some clear sense of over what it is you are asserting predominance?

A. I noticed there has been a number of dope stories along the airways on this subject. Let me assure you, most of those I have read, including the most recent, are totally without basis in fact. Early on I brought some drafts which I had discussed and coordinated with Richard Allen to Mr. Meese [Richard V. Allen, Assistant to the President for National Security Affairs; Edwin Meese, III, Counselor to the President], with Mr. Allen, with a view toward starting out with a straw man. This is not an experience I haven't been through before, and we have been in the process of coordinating this draft with the Secretary of Defense, who has a very keen interest, of course, and I would anticipate very shortly those drafts will be published in the form of Presidential directives which will implement a framework, if you will, in general for the conduct of national security policymaking plus day-to-day operational matters.

In that context, when I accepted this position, I was assured by President Reagan personally that I will be his chief administrator, if you will, and I use the term "vicar"—and those of you who want to go back to the 1948 through 1951 Jackson subcommittee hearings on this subject will discover what that term "vicar" meant—for the formulation, the conduct, and the articulation of American foreign policy.

I intend that the President's mandate to me be carried out, and I am confident that it will be.

Q. Let me just follow that up. How do you perceive the NSC, then, operating? As primarily resolving disputes between this building and the Pentagon?

A. I perceive that the interdepartmental mechanisms will prepare for the National Security Council, as constituted by the act and the amendments of 1949 and whatever changes President Reagan may care to apply to that composition, to present options for decisions by the President within the forum of the National Security Council.

Q. I wonder what your plans are for opening up contact, not only with the Soviet Union but with the key countries in the Middle East. Do you have any travel plans to go either to Moscow or to Israel or Egypt or to Saudi Arabia?

A. I think it's a little too soon for me with respect to East-West, the U.S.-Soviet, to predict when there will be either meetings by myself or, more importantly, by President Reagan. There are a number of issues extant on the horizon today which I think need clarification before a constructive high-level dialogue would be justified.

On the other hand, having said that, it's essential that we maintain day-to-day and hourly communications with the Soviet Union. We're doing that through our regularly established diplomatic channels, and I intend to continue to exercise it. I've already on several key issues.

With respect to the Middle East in general, I have no finite plans for my own travel there, but I do anticipate—as you know, we have a spring round in Europe; we have a number of watch pots, not the least of which was already touched upon here, Poland, which could justify earlier travel.

I look forward to visiting this hemisphere, Africa, the Middle East, and, of course, Asia and Europe as well.

Q. A few moments ago you talked about the President's statement yesterday at the White House, being framed conspicuously ambiguous, and then you went on to talk—

A. No. Consciously.

Q. Consciously ambiguous.

A. It was conspicuously appropriate. [Laughter]

Q. And you went on to say, so that, the words you used "terrorist organizations or terrorist governments would take heed." The phrase "terrorist government" I don't think has any precedent, does it? And my question is, has there been discussion in the State Department and the top level of the Administration of being able to brand governments like Iran terrorist governments with both diplomatic and economic consequences that would flow from that branding?

A. Of course, there have been such discussions, and they go on right now.

Q. Could you amplify it?

A. I think that is the criteria for a government that sponsors or undertakes or participates in terrorist activities. That is a nice handle to put on it—a terrorist government. And, as you know, there are public laws today passed by the Congress which prohibit the provision of armaments to terrorist governments.

So this is not a new term in Washington, and I think it's been applied sometimes in a very generous way and sometimes perhaps a less than generous way.

Q. In terms of your reference earlier to your policy toward the shipment of arms to Iran, my recollection is that the earlier Administration had taken the position that that which was in the pipeline, that which Iran had bought and paid for before the seizure of the hostages, would be considered part of the frozen assets; and, therefore, would be released.

Now you seem to be deliberately changing that policy. Do I understand that correctly? How much do you understand is involved?

A. The figures are not really quite clear, if you're talking FMS [foreign military sales] cases, and we're trying to dig that out, and it's taking some work. But it does not mean that the arms themselves have to be provided. If, in the ultimate conclusion of this thing, we feel the obligations incurred should be fulfilled, they will be fulfilled in my book by selling those arms and providing the cash to Iran. Selling them elsewhere. Some of them have already been sold, incidentally.

Q. The Carter Administration had the policy of abiding by the conditions and terms of SALT II even though it was not ratified and said—and he said he hoped and expected the Soviet Union would do the same thing. Is that the policy of the Reagan Administration as well?

A. We are in the process of reviewing this obligation which President Carter assumed in the context of our new responsibilities and ongoing Soviet activities around the globe. We would certainly hope that, in the period between now and the time a decision is made or a policy is adopted—and this involves not only Soviet conduct worldwide, it involves the national security interests of the American people as we look at SALT II and SALT I and the potential future defense needs of this country. But I

would hope that in the meantime, the Soviets would do nothing to exacerbate the kind of mutual restraint both sides should pursue.

Q. Including SALT II?

A. The Soviets, I leave that up to the Soviets to talk to, and they have recently, as I think you know.

Q. As you know, there has been talk this week about the Middle East policy. First of all, how much can you tell us about that? How do you reconcile the State Department's definition of the PLO [Palestine Liberation Organization] with President Reagan's definition? Do you expect to see the time when the Reagan Administration might talk to the PLO, and do you expect the Reagan Administration to ever recognize Jerusalem as the capital of Israel?

A. Let me take that mind-bogglingly extensive sermon, which it would take, and compress it into several responses. First, President Reagan has stated—every American President since 1975 has stated—that we will neither recognize nor negotiate with the PLO for so long as they refuse to recognize the right of the State of Israel to exist, for so long as they refuse to accept the provisions of 242 and the other U.N. resolution. And having said that, I think that's a sufficient answer for a large portion of it.

With respect to Jerusalem as an entity, for 30 years, I think, the United States has felt that this is a matter that has international implications, and it should be a city that is not divided by barbed wire or imposed unilateral restraints. We don't welcome unilateral action that would make this kind of an international consensus impossible. It is the seat, after all, of three of our world's greatest religions—Islam, Christianity, and Judaism—and we would hope that ultimately, those hopes that we have had for Jerusalem will be realized with patient participation by all the parties involved.

Q. On Afghanistan, [French President] Giscard d'Estaing has suggested a conference to discuss nonintervention in Afghanistan as opposed to the status of Afghanistan. Do you regard this as a promising approach?

My second question concerns the grain embargo. Mr. Block [John R. Block, Secretary of Agriculture] today said he urged and desired it be lifted immediately. I wonder what your views are on that.

A. First, with respect to yesterday's initiative by President Giscard, of course, we welcome any proposal that would bear fruit and result in the withdrawal of Soviet forces in Afghanistan. We were informed of the French initiative before the fact. We have gone back with a number of questions seeking broadening and enlightening information about how this would be handled, especially in the context of other initiatives that are under way under the auspices of the United Nations. But in general, this is the kind of thing that we do welcome, and we would hope that it could proceed as a unifying, allied effort, and would also, as President Giscard suggested, include the views of the Islamic countries, who have taken some initiatives in this area.

Your second question was—

Q. —concerning the grain embargo.

A. The grain embargo. That was Freudian—I didn't want to answer. We have an interdepartmental review under way on this subject, the results of which have not been arrived at. In general, I would hope that in the future, we would not adopt sanctions against the Soviet Union or anyone else that would selectively punish one segment of the American domestic economy. But we are there today, and it's not so simple as it might sound if you are a representative of our agricultural sector.

Q. Would you please give us your comment on the meeting between President Reagan and President Chun Doo Hwan of South Korea, and also give us your general policy toward North Korea. I understand that the U.S. Government proposed three-way talks with North Korea in 1979.

A. I have not proposed any talks. I do not anticipate any until there has been a thorough review of the desirability of such talks, and they will be conducted against a backdrop of North Korean performance, conduct, and demeanor with respect to the desirability of and the hope for progress.

As you know, the Korean President will be visiting Washington next week. He has already, I believe, arrived on the West Coast. Somebody suggested, "Was this a deal for Mr. Kim?" [Mr. Kim Da Jung, political opposition leader] There were no deals—no deals—despite again some press speculation to the contrary. But we are very pleased to have the Korean President visit the United States as one of our first official visitors. It is not a state visit, but it is an official visit.

Q. What is the significance of the meeting?

A. I think it is vitally important. For the period since the end of World War II, with the enhanced rejuvenation in the early 1950s, Korea has been a friend, partner, and intimate participant in Western security relationships. Because of some static in a recent period, it's important that we clarify the air. I would not want anyone to suggest, as some have, that this is politically motivated because of upcoming elections in South Korea. Not at all. The American tie, if you will, is not an issue in these elections.

Q. Traditionally, it has been considered that you, North America, and the Soviet Union keep their own areas of influence all over the world. How can this be understood now that the Soviet Union has extended its presence to Latin America and Afghanistan? What element would North America consider to maintain the strategic interests of your country in Latin America?

A. I'm glad I asked you. I don't think my own past expressions on this subject need too much clarification before this group. I think it's clear that we have been witnessing an unprecedented—at least in character and scope—risk-taking mode on the part of the Soviet Union, not just in this hemisphere but in Africa as well. We have seen in that process the exploitation of the Cuban proxy, and I can assure you that this is the subject of utmost concern to this Administration, it is a subject which will be high on the priority of our national security and foreign policy agenda.

I would suggest also that an additional subject related intimately to this, in the conduct of Soviet activity and in terms of training, funding, and equipping, is international terrorism. International terrorism will take the place of human rights, our concern, because it is the ultimate of abuse of human rights. And it's time that it be addressed with greater clarity and greater effectiveness by Western nations and the United States as well.

Q. May I follow that up? In that context, we have just had the Libyans move into Chad, and now apparently beyond doubt, Cuban activity in El Salvador. What does your Administration intend to do about either of those?

A. We're looking very, very carefully at the recent Libyan incursion into Chad and the implications of that incursion, not

only to Chad and the people of Chad, but to the surrounding states as well. We view it as a grave turn of events. I'll leave it there.

Q. Can I follow that up? Did you mean to say that you were not interested in human rights *per se* in non-Communist areas? I'm not sure what you meant by terrorism by Communist countries should replace concern about human rights.

A. I'm talking about in functional, priority areas. It's been my view that human rights is an essential and fundamental aspect of American foreign policy and domestic policy, and as such, when you remove it from the main stream of fundamental policymaking and give it an extraordinary role in organizational terms, you frequently result in distortions that probably put in jeopardy the well-meaning objective you seek to achieve. So I would like to see some organizational change in the period ahead—no deemphasis, a change in priorities.

The greatest problem to me in the human rights area today is the area of rampant international terrorism—on both sides of the Iron Curtain. And as one looks at the menu of those who have been most disturbed by it, it's surprising that the Soviet Union itself has been victimized by it. But be that as it may, they today are involved in conscious policies, in programs, if you will, which foster, support, and expand this activity, which is hemorrhaging in many respects throughout the world today.

Q. Can I just follow my own question? Does that mean organizationally, you will be trying to drop the kind of human rights input that went into foreign military sales?

A. I would anticipate that each and every regional policy director in this Department will have human rights high on his agenda in his across-the-board assimilation and assessment of what is in the vital interests of the American people and this country.

Q. This country has just gone through a great celebration of the return of the hostages from Iran. I really have two questions about it: First, do you yourself have any lessons which you have drawn from this 14-month-long ordeal of this government and people? And secondly, is it a proper inference, as some have drawn, that the swift and effective retribution would necessarily mean some downgrading for the concern of the personal safety

of those who may be involved in some future hostage-taking episode?

A. No, not at all, to answer the last part of your question first. Not at all—precisely the opposite. And I would suggest that you talk to the hostages about this, some of our former prisoners of war who have been, let's say, caught up in this debate.

With respect to my own observations, I've been here a week. I, of course, sat as a private citizen in the private sector, and anguished as I think all of us did with this situation. I would have some immediate observations of a general nature, but I prefer to hold up on those. We've got a number of people worried about the issue. There is some congressional interest in it. We're going to participate with them to the degree they wish to explore it. But I prefer to defer on that at this time.

Q. In view of your decision yesterday to recall Ambassador White from El Salvador, can you tell us whether or not you made a decision that he is to be retained? And secondly, also in view of your commitment to human rights, whether or not you will be considering abandoning aid to El Salvador?

A. You mean the aid that was recently just modified by the Carter Administration?

Q. Yes.

A. No, I don't anticipate any termination in the aid to El Salvador based on the recommendations of our Ambassador and our own assessment of the reforms that have been under way by the government there. As a matter of fact, it may go just the other way.

I have asked Ambassador White back for consultation—and I don't make it a habit of consulting with preconceived conclusions.

Q. When and how do you intend to proceed with peace talks between Israel and Egypt, and does the Administration intend to invite to the United States President Sadat and Prime Minister Begin, and when?

A. I don't think I would want to inject any sense of urgency in our view of this matter. We have and continue to support the Camp David accords and the peace process that was launched under those accords, and we will continue to abide by that in consultation with the parties, not only the signatories but those with a direct interest in the outcome. And I think that's enough for now. We're in

the process of reviewing the situation. In that process, we perhaps will come up with a timetable that makes some sense, but I need to have some discussions with the parties concerned first.

Q. Returning to Latin America for a moment, the Carter Administration was talking to the Cubans pursuing an idea whereby the Cubans would take some of the criminal and mentally ill people who came over on the boatlift back in return for our agreement to accept 100,000 people over the next 3 years. Senator Childs has sent you a letter opposing that. Could you comment on that concept, on what you think our relations with Cuba ought to be and what we should talk to them about on this issue?

A. I would not like to break any new ground on that subject today other than to remind you that the previous Administration undertook some efforts to get agreement with the Cuban Government on this subject of the return of ill and other kinds of refugees who came here. Those talks collapsed; they were a total failure due to the lack of cooperation of the Cuban Government, and that's just another issue that is going to be put into the calculator which will ultimately lead to a reassessment of our policies toward Cuba.

Q. Could you comment on that concept, on taking noncriminal and nonmentally ill people in exchange for their taking back people who are—

A. This is an extremely delicate subject, as you know, with strong views held on both sides of that issue by well-meaning people. And this is the kind of an issue that before I break new ground on it or express my views, I'd like to consult with the appropriate committees of the Senate and the House and to be sure I am espousing the views of the new Administration and President Reagan, and that's not so today.

Q. How do you anticipate that the severe spending constraints on this Administration will play out on the foreign policy, and particularly the foreign aid area?

A. I'm very concerned about it; I'm concerned about it from two points of view. First, I'm concerned about the economic situation that has brought the necessity for even greater austerity upon us. And I leave that to other members of the Administration and the President

himself to address, and I know he will; but we are in a serious situation requiring austerity.

Secondly, I've been concerned—and we are in the process now of consulting with Mr. Stockman in OMB [David Alan Stockman, Director of the Office of Management and Budget] on this subject, and I'm talking about A.I.D. [Agency for International Development], our own security assistance, and I hope that we are going to be able to get a recognition that both foreign assistance and foreign security assistance is sometimes a very cost-effective vehicle for insuring that the ideals and interests of this country are carried out effectively abroad.

Q. As a strategist and a politician, how do you see the defense cooperation between the United States and Europe, especially from the viewpoint of burden-sharing in the light of the increasing threats in today's world?

A. Again, I have a long litany of comments on this over 5 years, and I don't like to depart from it, and that is that I would like to see all of us do more. But I would also like to see an enlightened appreciation here in the United States and among our own people for the great contribution that our effective participation in the alliance brings to our security.

I think it was Jim Schlesinger some years ago who had a study done that suggested that if we did not have the NATO alliance and the security assets it brings to the American people, we would have to double the gross allocation of our national product for defense to provide a comparable security capability. I don't know whether that's correct or wrong. I suspect it is a very modest assessment.

I have also suggested that if you go back to 1970 to date, cutting out last year's increases, largely legislatively mandated by the American Congress, European contributions in the gross have been going up about 22% since 1970; American contributions for defense in NATO have gone down by about 13%. The point of departure in 1970 was very bad. The United States was carrying far more of the overall share, but that was a legacy of the birth of the alliance itself. I think sometimes we get too impatient and get bludgeoning people who are doing the best they can in very austere economic circumstances, too. What we have to find is a way for everyone to do more; and I include Japan in that.

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September 18-

October 15

Deputy Director of Space Science and Technology division of the Chinese Academy of Sciences Ji Bo leads a delegation to the U.S. Delegation meets with NASA officials in Washington to discuss future institutional arrangements for the LANDSAT ground receiving station. The group also tours NASA's Goddard Space Flight Center in the Washington area, the L.B.J. Space Center in Houston, and the Jet Propulsion Laboratory in Los Angeles.

September 20-

October 28

Vice Minister of Metallurgical Industry Zhang Fan leads a delegation to the U.S. at the invitation of Reynolds International Inc.; group tours Reynolds plants located throughout the U.S.

September 22-

October 6

Governor Cliff Finch (Mississippi) leads forestry delegation to China.

September 30

Xinhua News Agency reports that the U.S. and China have decided to postpone the unblocking of Chinese assets to January 31, 1980.

October 1

First installment of \$30 million is paid to U.S. by China under U.S.-China "claims-assets" agreement.

October 8-

November 9

President of the China International Trust and Investment Corporation (CITIC) Rong Yiren visits U.S. to encourage U.S. equity investment in China.

October 10

Mayor Jim Conway (St. Louis) announces establishment of sister city ties with Nanjing.

October 15-27

National Committee for U.S.-China Relations sponsors a gubernatorial delegation to China; George Ariyoshi (Hawaii), Thomas Judge (Montana), Richard Lamm (Colorado), William Milliken (Michigan), Albert Quie (Minnesota), Robert Ray (Iowa), and Richard Snelling (Vermont) participate.

October 16

Gubernatorial delegation meets with Vice Minister of Foreign Affairs Han Nian-

long, Vice Minister of Agriculture He Kang, and President of the China Council for the Promotion of International Trade Wang Yaoting.

October 17

U.S. District Judge Oliver Gasch rules that termination of the U.S.-Taiwan Mutual Defense Treaty requires the approval of either two-thirds of the Senate or a majority of both Houses of Congress.

Gubernatorial delegation meets with Vice Premier Deng; they discuss the Kampuchean refugee problem and China's economic modernization.

October 20-30

Governor Tom McCall (Oregon) leads an Oregon State trade delegation to China.

October 22-

November 1

Minister of Foreign Trade Li Qiang visits U.S. to discuss the U.S.-China trade agreement and textile quotas. Minister Li holds meetings with Secretary of Commerce Kreps, Secretary of the Treasury William Miller, Secretary of Agriculture Robert Bergland, Export-Import Bank President John Moore, and leaders of the House and Senate.

October 23

President Carter sends the U.S.-China trade agreement to Congress and signs a proclamation establishing China's qualification for MFN treatment under the Jackson-Vanik amendment to the Trade Act of 1974.

October 31

U.S. announces expansion of the May 31 quotas to cover a total of seven categories of Chinese textile imports.

November 1-5

Governor James Hunt (North Carolina) leads tobacco delegation to China.

November 1-6

Mayor Jim Conway (St. Louis) leads delegation to China.

November 2

Sister city relations formally established between St. Louis and Nanjing.

November 5-

December 7

Vice Minister Yuan Baohua leads State Economic Commission delegation to the U.S.

November 6

Vice Minister Yuan meets with Treasury Secretary Miller, Joint Economic Committee members, and Department of Transportation officials.

November 7

Vice Minister Yuan meets with Commerce Department officials and members of the Council of Economic Advisers.

November 8

Vice Minister Yuan meets with Deputy Under Secretary of Energy Robert Hanfling.

November 8-16

Assistant Secretary of State for Consular Affairs Barbara Watson visits China; inspects U.S. consular operations in Guangzhou and Beijing and discusses progress on negotiations for a bilateral consular convention.

November 14

Governor James Rhodes (Ohio) and Governor Han Ningfu (Hubei Province) establish sister state relations in Hubei.

November 15

Testimony before the Senate Finance Committee provokes disagreement among Senators over the granting of MFN status to China.

November 19-

December 19

Director of the Ministry of Geology's Marine Division Tian Shao leads delegation of marine geologists to U.S.; group tours USGS facilities and visits east and west coast universities.

November 20

Ceremonies mark the formal opening of the Consulate General of the P.R.C. at Houston.

November 21-

December 3

Chief Economist of the Department of Commerce Courtenay Slater leads U.S. statistical delegation to China.

November 26-

December 9

Vice Minister of Textile Industry Hao Jianxiu and All China Youth Federation President Hu Qili lead delegation to U.S.; group meets with Assistant Secretary of State Richard Holbrooke, Congressman Al Ullman, and National Security Council staff member Michel Oskenberg in Washington, and with U.S. Ambassador to the U.N. Donald F. McHenry in New York.

November 26-28

U.S. statistical delegation holds talks with the Chinese State Statistical Bureau (SSB) on bilateral statistical cooperation and Chinese statistical methodology.

November 28-**December 5**

National Committee for U.S.-China Relations sponsors city planners' delegation to China; meets with a broad range of municipal officials in Beijing, Guangzhou, Nanjing, Shanghai, and Suzhou.

November 29-**December 17**

U.S. National Oceanic and Atmospheric Administration marine sedimentation delegation visits China; tours Chinese State Bureau of Oceanography Institutions.

November 29-**December 30**

Vice Minister of the Fourth Ministry of Machine Building Li Rui heads telecommunications delegation to U.S. at the invitation of Honeywell Information Systems.

November 30

U.S. Court of Appeals overturns the District Court decision of October 17 and rules that President Carter is constitutionally empowered to give notice of termination under the U.S.-Taiwan Mutual Defense Treaty without congressional action.

December 13

Ceremonies mark the formal opening of the Consulate General of the P.R.C. at San Francisco.

December 14

U.S. Supreme Court upholds the November 30 decision of the Court of Appeals on the U.S.-Taiwan Mutual Defense Treaty.

December 29-**January 1**

Chinese Academy of Medical Sciences President Huang Jiasi leads delegation to U.S.; group visits the California Academy of Sciences in San Francisco, the University of California at Berkeley, Stanford University, and Hewlett-Packard Company.

December 31

U.S. Mutual Defense Treaty with Taiwan expires.

1980

January 2

U.S. announces new arms sales to Taiwan. Chinese Government immediately protests, arguing that such sales and deliveries are contrary to the joint communique on Sino-American normalization.

January 5-13

Defense Secretary Harold Brown visits China; meets with Premier Hua, Vice Premier Deng, Minister of Foreign Affairs Huang, Vice Premier Geng Biao, and Minister of Defense Xu Xiangqian. Secretary Brown affirms that "increased cooperation between China and the U.S. is a needed element in the maintenance of global tranquility." Secretary Brown's visit results in liberalization of controls on exports of U.S. high technology items, authorization on a case-by-case basis for sales of nonlethal military support equipment to China, and plans for regular consultations between the U.S. and China on Southwest Asian developments and other broad international issues (institutionalized in spring 1980 so as to take place several times yearly).

January 16-19

Representative Lester Wolff (New York), Chairman of the House Subcommittee on Asian-Pacific Affairs, leads congressional delegation to China; meets with Vice Premier Ji Pengfei.

January 17-23

Senator David Boren (Oklahoma) leads delegation of the Senate Agriculture Committee to China; meets with agriculture and trade officials to discuss trade possibilities.

January 19-**February 2**

Deputy Assistant Secretary of State for Consular Affairs Hume Horan and Deputy Director of the Consular Affairs Division of the Ministry of Foreign Affairs Nie Gongcheng cochair negotiations on the U.S.-China consular convention in Beijing.

January 20-24

U.S. delegation, led by the President's science adviser Frank Press, travels to China to attend first meeting of the Sino-U.S. Joint Commission on Cooperation in Science and Technology (Jan. 22-24); meeting is cochaired by Press and Vice Premier Fang Yi. Press signs an accord providing for the establishment of a LANDSAT satellite ground-receiving sta-

tion in China, as well as protocols for cooperation in earth sciences and earthquake studies, and concludes a memorandum of understanding for cooperation between the National Science Foundation and the Chinese Academy of Science. Both sides judge the meeting a "complete success."

January 24

U.S. Department of Defense formally announces that U.S. will consider issuing licenses for export to China of military support equipment (but not weapons) selected from the Munitions Control List.

U.S.-China trade agreement, granting MFN tariff status to China, passes by a 294 to 88 vote in the House and by 74 to 8 in the Senate.

January 31

U.S. Treasury Department releases Chinese assets frozen since the Korean war (worth an estimated \$80.5 million).

February 1

U.S.-China trade agreement takes effect; provides for MFN treatment for China; the establishment of business and trade offices; reciprocal and equivalent protection of patents, trademarks and copyrights; and consultations on bilateral trade problems.

February 2-6

Environmental Protection Agency (EPA) Administrator Douglas Costel leads delegation to China; meets with Director of China's Office of Environmental Protection Li Chaobo to discuss cooperation in the field of environmental protection.

February 4-9

U.S. Chamber of Commerce President Richard Leshner leads delegation to China; meets with Vice Premier Kang Shien.

February 5

Sister city relations established between San Francisco and Shanghai.

EPA and the Office of the Environmental Protection Leading Group of the State Council of China sign protocol for cooperation in the field of environmental protection.

February 8-**March 24**

Deputy Director of the China Research Institute of Aeronautics Liu Zhenghui leads delegation to U.S.; group tours

General Electric in Cincinnati, Honeywell Corporation in Fort Washington, and NASA's Lewis Research center in Cleveland.

February 23-

March 4

Mayor Edward Koch (New York City) leads delegation to China.

February 28

Sister city relations established between New York and Beijing.

February 29

Senior officials from four U.S. Government hydroelectric power administrations and representatives from the Agency for International Development (AID) arrive in Beijing to attend the first official meeting on cooperation in hydroelectric power and related water resource management between the U.S. and China.

March 13-23

Vice Minister of Foreign Affairs Zhang Wenjin visits U.S. for consultations; talks initiate a dialogue on foreign policy matters at the senior foreign ministry level. In Washington, Zhang consults with Secretary of State Vance, Deputy Secretary of State Warren Christopher, Assistant Secretary for East Asian and Pacific Affairs Richard Holbrooke, and other senior officials on the Afghanistan issue and other matters of international concern. Vice Minister Zhang also meets with U.S. Trade Representative Reubin Askew.

March 18

Vice Minister Zhang calls on National Security Adviser Zbigniew Brzezinski in Washington.

March 19

Vice Minister Zhang meets with Vice President Mondale to discuss U.S.-China relations and international issues.

March 24

U.S. Department of Labor delegation meets with Director of China's State Labor Bureau Kang Yonghe.

March 25

Department of State issues Munitions Control Letter No. 81 specifying the categories of military support equipment eligible for sale to China.

March 31-

April 3

Assistant Secretary of Commerce for Maritime Affairs Samuel Nemirow and

Director of the Foreign Affairs Bureau of the Ministry of Communications Dong Huamin cochair second round of the U.S.-China maritime negotiations in Beijing. Substantial progress is made, but final agreement is not achieved.

April 2

President Carter signs a determination authorizing Export-Import Bank financing of exports to China.

April 2-

May 12

Vice Minister Mao Lin, Managing Director of Jiangxi Copper Company, leads a company delegation to U.S.; group meets with officers of Fluor Mining and Metals, Inc. to review progress of phase I of the Dexing copper project.

April 4-12

Representative Jonathan Bingham (New York) leads delegation of the International Economic Policy and Trade Subcommittee of the House Foreign Affairs Committee to China.

April 4-25

Governor of Hubei Province Han Ningfu leads economic study group to Ohio at the invitation of Governor James Rhodes.

April 10

Representative Bingham and his delegation meet with Vice Premier Gu Mu.

April 11

Representative Bingham and his delegation meet with Director of the General Bureau of Taxation Liu Zhicheng and Foreign Investment Commission Vice Chairman Wang Daohan on the issues of taxation and joint ventures.

April 15-21

Deputy Assistant Secretary of State for Transportation and Telecommunications Affairs Boyd Hight and Deputy Director of the International Affairs division of the Civil Aviation Administration of China (CAAC) Li Shufan lead the first round of civil aviation negotiations in Beijing; U.S. and Chinese teams begin discussion with fundamentally different positions.

April 17

Chinese Academy of Sciences delegation leaves Beijing for the annual meeting of the U.S. National Academy of Sciences in Washington; discussions are to be held on academic exchanges and cooperation programs.

April 20-

May 3

U.S. National Telecommunications and Information Administration (NTIA) delegation, led by Director Henry Geller, visits China; meets with Ministry of Posts and Telecommunications officials.

April 24-

May 18

Minister of Forestry Luo Yuchuan visits U.S.

April 25

U.S. Department of Commerce establishes a new category (category "P") for China under the U.S. commodity control export regulations.

April 28

U.S. Consulate General is officially inaugurated at Shanghai.

April 28-

May 14

Chief U.S. Textile Negotiator H. Reiter Webb and General Manager of China National Textiles Import-Export Corporation Wang Mingjun lead U.S.-China textile negotiations in Beijing; negotiations conclude without agreement.

April 28-

May 28

Bank of China President Li Baohua leads delegation to U.S.; group meets with Chairman of the Federal Reserve Board Paul Volker and Treasury Secretary Miller in Washington; tours New York, Houston, and San Francisco.

May 5-

June 18

Deputy Chief of Staff of the People's Liberation Army (PLA) Liu Huaqing leads delegation to U.S. at the invitation of Secretary of Defense Brown; group discusses technology transfers with Department of Defense officials, tours IBM, AM General, General Motors, and Honeywell and visits several military installations, including NORAD.

May 10-

June 30

Deputy Assistant Secretary of State for Transportation and Telecommunications Affairs Hight and Deputy Director of the International Affairs division of the Civil Aviation Administration of China (CAAC) Li Shufan lead the second round of civil aviation negotiations in Washington.

May 14-15

Secretary of the Interior Cecil Andrus and Secretary of Agriculture Bergland meet with Minister of Forestry Luo Yuchuan and his delegation.

May 22-

June 22

Vice Minister of Water Conservancy Li Huayi leads delegation to U.S., returning Secretary Brown's January visit; group meets with Department of Agriculture officials in Washington; tours water conservatories, flood control facilities, and soil erosion and irrigation projects around U.S.

May 24-

June 8

Vice Premier Geng Biao and a high level entourage from the PLA visit U.S. Visit is marked by talks with President Carter, Vice President Mondale, Secretary of State Edmund S. Muskie, National Security Adviser Brzezinski, and Secretary of Defense Brown; tours U.S. military installations.

June 4-16

Governor Brendan Byrne (New Jersey) leads delegation to China to explore sister-state relations with Zhejiang Province and to enhance cultural and educational exchanges between the two regions' universities.

June 4-19

Governor Harry Hughes (Maryland) leads delegation to China; meets with Vice Premier Wan Li, Anhui Province Governor Zhang Jingfu, and other Anhui Province officials. Governor Hughes and Governor Zhang agree to establish sister-state relations.

June 4-20

Minister of Education Jiang Nanxiang visits universities and meets with Secretary of Education Shirley Hufstедler and senior American education officials.

June 5-26

Minister of Public Health Qian Xinzhong and his delegation visit U.S.; tour several U.S. medical schools, meet with health professionals, and study emergency procedures and primary health care.

June 6-

July 6

Chairman and President of the Bank of China Bu Ming leads delegation to U.S.; group visits the International Monetary Fund, the Export-Import Bank, and the World Bank in Washington, and several banks in New York.

June 10-

July 3

Vice Minister of Light Industry Han Peixin leads delegation to U.S. at the invitation of Bobbin Publications; group discusses trade and joint venture possibilities with several U.S. companies.

June 12

Senator Richard Stone (Florida) announces that the Department of State has approved sales presentations for the FX fighter aircraft to Taiwan. Chinese Government subsequently protests the decision.

June 14

In response to press reports that U.S. Presidential candidate Ronald Reagan favored restoring official relations with Taiwan, an authoritative People's Daily press commentary condemns the restoration of such ties.

June 15

NASA delegation, led by Deputy Administrator Alan Lovelace, arrives in Beijing; meets with Vice Premier Bo Yibo.

June 15-23

Chairman of the Federal Reserve Board Volker leads delegation to China to study the structure and functions of China's financial system, economic planning, and external financial relations.

June 16

Minister Qian meets with Secretary of Health and Human Services Patricia Harris in Washington.

June 17

Minister Qian meets with National Institutes of Health Director Donald Fredrickson in Washington and tours NIH clinical center.

June 19

Minister Qian meets with Presidential science adviser Press in Washington.

June 23-

July 2

Executive Secretary of the Department of State Peter Tarnoff and Assistant Secretary of State for International Narcotics Matters Mathea Falco visit China.

June 25

Assistant Secretary Falco meets with Vice Director of the Ministry of Public Security Xie Heng to discuss drug abuse problems and with Vice Minister of Public Health Wu Zhaoheng to discuss narcotics matters.

Vice Minister of Foreign Affairs Zhang Wenjin hosts dinner for Assistant Secretary Falco and Executive Secretary Tarnoff.

Executive Secretary Tarnoff speaks with Director of the Political Department of the Ministry of Foreign Affairs Lin Zhong and other Foreign Ministry officials about the organization, personnel structure, and training of the U.S. Foreign Service.

June 30-

July 3

Assistant Secretary for East Asian and Pacific Affairs Holbrooke holds series of consultations in Beijing with Vice Minister Zhang Wenjin and other key Chinese officials.

July 3-19

Senior Vice Minister of Culture, Liu Fuzhi, leads delegation to U.S. at the invitation of the International Communication Agency; delegation visits several cities and small towns for broad overview of American society and culture.

July 5-

Aug. 5

Minister of Agriculture Huo Shilian visits U.S.; meets with Secretary of Agriculture Bergland.

July 6-14

Senate Majority leader Robert Byrd (West Virginia) visits China at the invitation of the Standing Committee of the NPC; meets with Vice Chairman of the Standing Committee Ulanhu, Premier Hua, and Vice Premier Zhao Ziyang.

July 9

President Carter and Premier Hua meet in Tokyo while there for the memorial services for the late Japanese Prime Minister Ohira. Talks center on global issues of mutual concern and on Indochina.

July 12-

Aug. 11

Vice Minister of China's State Construction Committee Lu Kebai leads a delegation to U.S.; group meets with Commerce Department and Housing and Urban Development Department officials and makes a general survey of urban planning and high rise construction in U.S.

July 17

U.S. Department of Commerce approves and implements new, liberalized export control guidelines for China.

July 12-21

Representative Stephen J. Solarz (New York) leads delegation of the Asian and Pacific Affairs Subcommittee of the House Foreign Affairs Committee to China.

July 20

Representative Solarz meets with Vice Foreign Minister Zhang Wenjin in Beijing; discusses Chinese views on North Korean and Kampuchean matters.

July 31

Vice Minister of Foreign Affairs He Ying meets in Washington with Under Secretary of State David Newsom, Assistant Secretary of State for International Organizations Richard McCall, Assistant Secretary of State for African Affairs Richard Moose, and other senior U.S. officials for consultations on multilateral and regional diplomatic issues.

House and Senate approve legislation authorizing activation of Overseas Private Investment Corporation (OPIC) programs in China and send it to President Carter.

August 8

President Carter signs legislation authorizing the operation of OPIC programs in China and a Presidential determination that OPIC programs are in the national interest.

August 16-21

Director of the Bureau of Politico-Military Affairs of the Department of State, Reginald Bartholomew, visits China.

August 20-23

Republican Vice Presidential candidate George Bush visits China and meets with Vice Premier Deng and other high-ranking Chinese officials.

Chinese Government attacks the Taiwan Relations Act following the emergence of the Taiwan issue in the U.S. Presidential election campaign.

August 25-**September 7**

Last of three rounds of civil aviation negotiations are held in Beijing. Deputy Assistant Secretary of State for Transportation and Telecommunications Affairs Hight and Deputy Director General of China's Civil Aviation Administration (CAAC) Lin Zheng cochair the talks.

August 30-**September 8**

Governor Robert Ray (Iowa) leads a State delegation to China.

August 31-**September 4**

Assistant Secretary of Commerce for Maritime Affairs Samuel Nemirow and Director of the Foreign Affairs Bureau of the Ministry of Communications Dong Huamin cochair third and final round of the U.S.-China maritime negotiations in Beijing.

August 31-**September 28**

Vice Premier Bo Yibo leads high-ranking delegation, which includes seven ministerial level officials, on a tour of U.S.

September 4

Assistant Secretary Nemirow and Director Dong initial the proposed U.S.-China maritime agreement in Beijing.

September 6-19

Under Secretary of Defense for Research and Engineering William Perry visits China to continue technology transfer talks; meets with Vice Premier Li Xian-nian and Deputy Chiefs of Staff of the PLA Zhang Aiping and Liu Huaqing; delegation tours Chinese defense research institutes, factories, and other facilities.

September 8

Deputy Assistant Secretary of State for Transportation and Telecommunications Affairs Hight and Deputy Director General of China's Civil Aviation Administration (CAAC) Lin Zheng initial U.S.-China aviation agreement in Beijing.

September 9-**October 15**

Vice Minister of Forestry Yong Wentao leads delegation to U.S. at the invitation of the Department of Agriculture; tours forestry research laboratories and university forestry facilities throughout U.S.

September 10

Director General of the State Bureau of Labor Kang Yonghe meets with Secretary of Labor Ray Marshall in Washington for discussion of the U.S. labor movement.

September 13-28

China holds its first official trade exhibition in the U.S. in San Francisco.

September 16-18

First annual meeting of the U.S.-China Joint Economic Committee is held in Washington; cochaired by Treasury Secretary Miller and Chinese Vice Premier Bo Yibo; committee predicts bilateral trade in 1980 will total about \$4 billion, up about 75% from 1979.

September 17

President Carter and Vice Premier Bo Yibo sign agreements covering civil aviation and maritime links and regulating bilateral trade in textiles. They also sign a Consular Convention, the first formal treaty concluded between the two governments. China announces its decision to open consulates in New York, Chicago, and Honolulu, as U.S. announces its intention to open three additional consulates in China.

September 21-**October 6**

PLA delegation visits U.S. to study the U.S. military logistics management system.

September 28-**October 23**

Chinese Minister of Building Materials Song Yangchu leaves Beijing for a visit to U.S. at the invitation of the National Council for U.S.-China Trade.

October 1

Second installment of \$10.1 million paid to the U.S. by China under the U.S.-China "claims-assets" agreement.

Mayor Kevin White (Boston) and Mayor Zhou Feng (Hangzhou) agree to establish sister city relations.

October 2-18

Minister of Posts and Telecommunications Wang Zigang visits U.S.; meets with U.S. Postal Service officials.

October 7

Agreement covering procedures for the operation of OPIC in China initialed in Beijing. OPIC will provide political risk insurance to U.S. companies investing in China.

October 9

Postmaster General Bolger and Minister of Posts and Telecommunications Wang Zigang sign agreements in Washington covering parcel post and international express mail services between U.S. and China.

East Asia

October 10

Los Angeles City Council proclaims October 10 "Republic of China Day." (Proclamation formally approved by the City Council October 13.)

October 11-28

Vice Minister of National Defense Xiao Ke leads a delegation representing the PLA military academies to U.S. to tour military education facilities.

October 14

Chairman of the Guangzhou Revolutionary Committee Yang Shangkun notifies Los Angeles Mayor Thomas Bradley of the nullification of preliminary agreements for establishing sister city ties in protest of the October 10 proclamation.

October 15

Vice Minister of Foreign Affairs Zhang Wenjin formally protests October 2 unofficial agreement on privileges and immunities between the AIT and Taiwan's CCNAA.

October 16

Vice Minister Xiao meets with Secretary of Defense Brown in Washington.

October 17-22

U.S. Trade Representative Askew travels to China to consult with the Chinese on U.S. trade policy and investment issues.

October 18- November 7

PLA marksman team visits U.S. to compete in bilateral and international shooting matches.

October 20

Trade Representative Askew meets with Minister of Foreign Trade Li Qiang in Beijing.

October 20- November 6

A gubernatorial delegation, led by Guangdong Governor Xi Zhongxun, visits U.S.; delegation members include Governors Lu Dadong (Sichuan Province), Ma Xingyuan (Fujian Province), Chen Puru (Liaoning Province), and Song Ping (First Secretary of Gansu Provincial Party Committee).

October 21

Trade Representative Askew meets with Vice Premier Gu Mu in Beijing.

October 22

Ambassador Woodcock and Minister of Foreign Trade Li Qiang sign long-term U.S.-China grain trade agreement in Beijing.

October 23

Governor Xi Zhongxun and delegation meet with National Security Adviser Brzezinski in Washington to discuss strategic issues and Asian regional questions; group also meets with Assistant to the President for Intergovernmental Affairs Eugene Eidenburg.

October 24

Governor Xi Zhongxun and his delegation meet with Assistant Secretary of State for East Asian and Pacific Affairs Holbrooke and Deputy Secretary of State Christopher in Washington to discuss U.S.-China relations.

October 25-

November 3

Senator Larry Pressler (South Dakota) leads delegation of businessmen to China.

October 25-

November 9

China holds national trade exhibition in Chicago.

October 27-

November 4

Assistant Secretary of the Treasury Department Donald Lubick leads delegation from the Departments of Treasury, Energy, and Commerce to China.

October 30

Ambassador Woodcock and Chinese Vice Foreign Minister Zhang Wenjin sign OPIC agreement in Beijing.

October 31

Assistant Secretary Lubick and his delegation meet with Minister in Charge of the State Energy Commission Yu Qiuli to discuss Chinese energy situation.

November 5

Ministry of Foreign Affairs issues a statement "on the occasion of Mr. Reagan's election as President of the United States," saying "we hope and expect that the new United States Administration will adhere to the principles set forth in the Shanghai communique and the communique on the establishment of diplomatic relations between China and the United States so that Sino-American relations may continue to progress and grow stronger."

November 8-27

Deputy Director of Civil Aeronautics Administration of China (CAAC) Li Shufan leads delegation to U.S.; group meets with State Department, Federal Aviation Administration, and Civil Aeronautics Board officials to discuss administrative and technical arrangements for implementing the U.S.-China civil aviation agreement.

November 9-23

Commissioner of Patents and Trademarks of the Department of Commerce Sidney Diamond leads a delegation to China to study China's new patent law and to assist in China's efforts to develop a new patent system.

November 11-26

Director of the American and Oceanian Affairs Department of the Ministry of Foreign Affairs Han Xu visits U.S. to attend the Williamsburg X conference (Nov. 13-16), to consult with State Department officials, and to meet with prominent American public figures.

November 12-19

State trade mission, led by Governor James Rhodes (Ohio), visits Guangzhou, Shanghai, and Wuhan.

November 15-21

Under Secretary of Commerce Robert Herzstein leads delegation to Beijing to open U.S. National Trade Exhibition (Nov. 17-28).

November 17

Director Han Xu holds discussions with Under Secretary of State Newsom, Assistant Secretary for East Asian and Pacific Affairs Holbrooke, Assistant Secretary for Inter-American Affairs William Bowdler, Deputy Assistant Secretary for Near East and South Asian Affairs Peter Constable, and other senior officials of the Department of State.

November 21-

December 16

Minister of the Fifth Ministry of Machine Building Zhang Zhen leads a China North Industries Corporation (NORINCO) delegation to U.S.; delegation tours major U.S. cities and visits factories.

December 1-13

Assistant Secretary of Defense for Manpower, Reserve Affairs, and Logistics Robin Pirie leads Department of Defense delegation to China, returning the visit of the PLA logistics delegation.

December 6-28

China holds national trade exhibition in New York.

December 7

Pan American airways inaugural flight lands in Beijing.

December 9-20

Defense Mapping Agency delegation, headed by Deputy Director for Management and Technology Owen Williams, visits China.

December 10

Vice President of the Chinese Academy of Sciences Qian Sanqiang, Vice President of the Chinese Academy of Social Sciences Mei Yi, and Assistant Director for International Programs of the National Science Foundation Harvey Averch sign basic sciences protocol in Washington; provides for cooperative research between U.S. and China in several fields of basic science encompassing both natural and social sciences.

December 15-17

Chief Textile Negotiator H. Reiter Webb and Deputy Director of the Export Department of the Ministry of Foreign Trade Dai Jie lead the first round of consultations under the U.S.-China Textile Agreement in Washington. Teams fail to agree upon a level for Chinese wool sweater exports to the U.S.

December 15-19

Secretary of Labor Ray Marshall leads a delegation to China; meets with Director General of the State Bureau of Labor Kang Yonghe; Vice Premier J. Pengfei.

December 27-30

Representative Stephen J. Solarz (New York) of the Asian and Pacific Subcommittee of the House Foreign Affairs Committee leads delegation to Beijing. Representative Joel Pritchard (Washington) accompanies the delegation. ■

Orderly Departure Program for Vietnamese

DEPARTMENT STATEMENT, DEC. 8, 1980¹

For a number of months, on behalf of the U.S. Government, the U.N. High Commissioner for Refugees (UNHCR) has been negotiating with S.R.V. [Socialist Republic of Vietnam] authorities on an orderly departure program for those persons in Vietnam who wish to leave Vietnam legally for the United States and who meet the provisions of our immigration and refugee law. Those negotiations have resulted in an agreement, and departures are expected to begin December 11.

Under its provisions, the UNHCR's U.S. representative went to Ho Chi Minh City in early November to begin interviewing these persons. A considerable amount of preprocessing by mail from people in Vietnam and their relatives and sponsors in the United States had already been carried out by the Orderly Departure Program Office of the American Embassy in Bangkok so

that we and the Vietnamese authorities had agreed on a list of over 1,500 persons to be interviewed in Ho Chi Minh City. Following this interview and a medical examination, and then a final interview with an American consular officer, we would expect most and possibly all these 1,500 persons to be authorized entry into the United States.

The UNHCR is utilizing existing weekly international flights between Ho Chi Minh City and Bangkok for their transportation. Approximately 1,000 persons could leave Vietnam each month under this program, assuming the list of names of those who are permitted to leave Vietnam and meet our program criteria can be enlarged.

The U.S. views the Orderly Departure Program as a humanitarian issue which is unrelated to the political question of normalization of relations between our two countries.

¹Read to news correspondents by Department spokesman John Trattner. ■

U.S. Trade and Foreign Policy in the Western Hemisphere

by Ernest B. Johnston, Jr.

Address before the Southern Governor's Conference in Williamsburg, Virginia, on September 16, 1980. Mr. Johnston is Deputy Assistant Secretary for Economic and Business Affairs.

From well before the time any of us were born, the Southern States have been leaders in recognizing the importance of international trade to the country and to the region. Starting with rice, indigo, naval supplies, tobacco, and king cotton before the Civil War, the South argued strongly for a policy of trade. Senator [Oscar Wilder] Underwood of Alabama, then Chairman of the Ways and Means Committee, put the Underwood tariff act into effect in 1912 to take duties down to a level that had not been seen after the war and were not to be seen again until the end of World War II. It was Cordell Hull [U.S. Secretary of State, 1933-44] of Tennessee who, in 1934, inaugurated the radical U.S. policy of tariff-lowering in trade through reciprocal trade agreements. And it was Congressman [Wilbur D.] Mills of Arkansas who for years was the guardian of an open U.S. trade policy.

But this is not just history; this relationship between the South and trade is still true now. Forest products and paper from Alabama, Georgia, Florida, and Mississippi; tobacco from North Carolina and Virginia; soybeans, grains, and cotton throughout the whole region; rice in Arkansas and Louisiana; planes from Texas, Virginia, and Georgia; electronics from Maryland and Texas; coal from West Virginia, Alabama, and Tennessee; textiles from Georgia and the Carolinas; machinery from Oklahoma, Missouri, Maryland, South Carolina, and Texas; transport equipment from Kentucky, Delaware, Georgia, Missouri, and Mississippi; and chemicals and plastics from Alabama, Florida, Louisiana, South Carolina, Tennessee, Texas, Virginia, and West Virginia all owe a large part of their prosperity to foreign markets. The basic interest of the South is still in trade.

I think it is also appropriate to recognize the particularly strong interest by the South in the countries of Latin America and the Caribbean. One aspect of this is the bridge furnished by Puerto Rico. Another manifestation in the distant past was the interest, at one point, in seeing Cuba join the United States, the influence of southerners in the filibusters in Nicaragua and Central American countries, participation by southerners in the construction of the Panama Canal, and an interest in Mexico that finally relieved it of half its territory. Needless to say, this is not an interest that has always been appreciated by its recipients, and I do not mean to imply that the South harbors, in its bosom, imperial designs toward Latin America.

We are now in another century that has, in many ways, transformed the South more than the rest of the country—in urbanization, race relations, industrialization, and making it by far the major source of energy for the United States. But the interest of the South in Latin America remains because the South is closer and more affected by what goes on across the Caribbean. Ask the Governors of Texas and Florida who keep as keen an eye on segments of Latin America as does the Secretary of State.

Public Interest

Public interest has heightened in the United States on trade as a result of recent large trade deficits, economic downturns, and rising unemployment. There has been an increased demand for return to high-tariff or new-tariff barriers to shield domestic industries from import competition. This heightened interest has often looked at trade not as an opportunity but as a threat to the American economy. There is no doubt that the government has a responsibility to slow down excessively rapid changes caused by bursts of imports when domestic workers and capitalists are materially damaged, and we have provisions in the law that allow that. But the country does not benefit from keeping people in jobs where the United States is not most productive,

and, if we did, the consumers and our own industry would suffer. The government's job is to keep the economy growing so that economic shifts can be digested. After all, within our own borders we have seen a shift of rice production from South Carolina to Arkansas, Louisiana, and Texas. We have seen much cotton production shift from the old South to the Southwest; textiles have moved from New England to the Carolinas; petroleum production has moved from Pennsylvania to Texas, Oklahoma, and Louisiana. The true vibrancy of the United States comes from taking advantage of change.

World Trade Growth

The facts on world trade are moving faster, sometimes it appears, than our realizations of them. During a long portion of our history in this country we adapted ourselves to trade. But in the period from 1930 to the Second World War we had a policy of high tariffs, and the U.S. interest in trade languished. It was not the most vibrant of our economic periods. By 1950 only 7% of our production of goods was exported—about half the figure of 1913. Not until the late 1960s or early 1970s did we reach the 1913 figure again. But constantly since 1950, the trend, not only in this country but throughout the world, has been toward greater and greater dependence on trade to such a point that now one out of every five of the goods that we produce is sent abroad. This, of course, excludes services. In most years the rate of growth in world trade is twice the rate of growth in world production.

Over two-thirds of our imports are of raw materials and fuels essential to the economy. Petroleum, now about 35%, will cost about \$90 billion this year. To help pay for this bill we have a surplus in trade of both manufactures and agriculture. One thing to keep in mind is that with the dramatic wrench caused by spiraling oil prices, members of the Organization of Petroleum Exporting Countries (OPEC) will have a balance-of-payments surplus this year of about \$120 billion—a surplus equal to 10% of world trade. This surplus will be mirrored by deficits for the rest of the world. If that deficit was spread around evenly it would account for a U.S. deficit of about \$20 billion, and other nonexporters of oil face the same phenomenon.

As the President has emphasized, the major economic change facing the United States is to adapt to the change in energy. We must both slow down our own energy consumption, and we must find new sources and new methods. About half of our merchandise imports consist of products which are non-competitive with domestic products either because they are not available here or not available in sufficient supply. Competitive products serve as a spur to keep down the inflation rate in this country. Between 2 and 2½ million domestic manufacturing jobs depend directly on exports; one in nine U.S. manufacturing jobs and one in three of our farm acres produce for sales abroad.

Importance of Trade to the South

The importance of trade to the members of the Southern Governors Association is clear. Total exports from the 17 continental States this year should be about \$60 billion and, in this region alone, we are talking about well over half a million jobs attributable to exports. Texas will send about \$14 billion in goods abroad, Missouri about \$5 billion, Louisiana close to \$4 billion, North Carolina more than \$5 billion. I have to admit that some of these figures are "hip-pocket" estimates since the latest accurate figures go back to 1976 and our trade has about doubled since then. Between 1973 and 1980, our exports and imports will have about tripled, a compound rate of growth of 18% a year.

Our trade with the Western Hemisphere has grown even more, and it includes two of our four largest trading partners, Canada and Mexico. Our trade with the developing Western Hemisphere nations exceeds that of any other block of developing nations including the Middle Eastern oil exporters. In 1979 we sent over \$26 billion of goods to the Latin American republics, and we had a surplus of about \$4 billion. That same year we sent \$33 billion to Canada and had a deficit of about \$5 billion. Mexico takes \$10 billion of our exports, and Venezuela and Brazil each take about \$4 billion.

Effects of Foreign Policy on Trade

Governor [of Virginia, John N.] Dalton asked me to discuss how foreign policy affects our trade in the Western Hemisphere. The relationship is, in fact, a

circular one. These enormous figures are of great importance to the U.S. economy and to the economy of our neighbors, thus an important element in our foreign policy interest in this hemisphere. After all, what is foreign policy but a compilation of the important interests that we have abroad? Pursuit of our trade interest should ultimately lead us in the same direction as pursuit of our political interest—toward a close relationship with the countries of North and South America, in which all recognize a shared interest in the security, stability, and economic well-being of the region.

The Caribbean and Central America are a case in point. Political deterioration and economic decline in this area are of great concern, though we are trying, in a time of tight budgets, to respond to these problems with increased aid aimed especially at strengthening the private sector in these countries. Aid alone cannot handle the job. Economic development depends primarily on actions which countries themselves take to increase the productivity of their people and, thus, their standard of living. Despite aid to this region, trade prospects have a more important bearing on long-term economic development of these countries.

Many are small and depend on minerals or farm crops for most of their exports. Some have unemployment rates of 40%. Many that have begun to develop have done so on the basis of an economy geared to low priced energy. Now they must reorient their economies to pay for oil which has multiplied its price by 10 times in less than a decade.

The United States is their most important market. Our security interest would be well served if the Caribbean countries could take better advantage of our market. All of Latin America, with the obvious exception of Cuba, benefits from duty-free treatment for certain goods under our generalized system of preferences, and some of them among the poorest, such as Haiti, are taking the most advantage of the scheme.

Making our political and economic interests mesh, however, is not always a smooth process. The United States is a global power with many objectives, some of which conflict in particular situations. As a global power our reach is far. The world looks to us for con-

stancy. Our concern with human rights goes back to the Revolution and is an old element in American policy, but it is occasionally cited as a foreign policy concern that interferes improperly with our trade interest. Human rights is a serious concern and, over the long haul in many countries, has an intricate bearing on political stability and economic progress. But I would like to point out that U.S. exports to Chile and Argentina, two of the prime focuses of our human rights efforts, increased in 1979 by over 60% in Chile and 125% in Argentina. Governor [of Georgia, George D.] Busbee, in his work with you and in the President's Export Council, has been doing valiant work to keep these different aspects of our policy in perspective.

The most typical case is one where economic differences lead to political problems. Sensitive imports from Mexico have caused problems for U.S. producers and spilled out into the political relationship. The choice of actions in such a situation is unattractive and involves tradeoffs among different domestic economic goals and with our external trade relationships. Likewise, energy imports, both gas and petroleum, which the United States seeks from both Canada and Mexico at reasonable prices, have from time to time been sources of political contention.

Other Latin exports to the United States are sensitive not because of low prices but because producers are seeking higher prices. I refer to primary commodities such as coffee, tin, and sugar. In the last 3 or 4 years, the United States has sought commodity agreements to dampen wild gyrations in commodity prices for about five commodities. We wish, on the one hand, to avoid excessive peaks in the pricing that ratchet up the cost for our consumers. It is also, however, in our interest to avoid excessive valleys in prices which would discourage investment in these commodities and, over the long haul, diminish supplies and thus exacerbate future price rises when the supply-demand situation changes.

It is hard for us to realize how important single commodities are to some of the Latin American countries. Over half of Bolivia's exports consist of the single commodity—tin; one-fifth of the exports of Barbados and the Dominican Republic are sugar; El Salvador and Guatemala get half their export receipts from coffee, and Haiti, Honduras,

and Nicaragua get one-third. For Jamaica, alumina and bauxite represent nearly three-fourths of the sales abroad.

Economic Development and Foreign Aid

The interaction between economic development in Latin America and foreign trade is complex. In the past, some of these countries have adopted highly protectionist strategies to encourage infant industry, but the policy has most often been self-defeating. The infant, without the winds of competition, could not seem to grow up. Chile and Argentina followed this strategy for many years. In the 1920s these countries' per capita product was equivalent to that of many European states. But by following this strategy their economies fell behind. The agricultural sector suffered. They have now abandoned these policies. Several other Latin American countries have sought to encourage new industry by requiring foreign investors to meet minimum local content and export criteria. The motivation behind these rules is understandable, but if all countries followed this pattern, the results would be frustrating. One country's local content requirement could block another's export requirements.

Markets would be fragmented not only for the United States but for the developing Latin American countries, and the results would be self-defeating for the countries that try these methods since they would be encouraging industry that does not know the discipline of competition.

U.S. and Canada

The intimate interaction between Canada and the U.S. economy presents different challenges. Most important, Canada is usually our largest single trading partner and the principal locus of U.S. foreign investment. In 1979 total U.S.-Canadian trade was about 3% of our gross national product but 27% of Canada's. Canada took 20% of our exports. Trade in both directions is especially heavy in machine and transportation equipment—about 27% of our exports and 26% of our imports. Trade in automobiles and parts is even more concentrated because of the U.S.-Canadian auto agreement.

The closeness of the two economies inevitably leads to contentious issues in the trade and investment fields. Canada

has a population one-tenth of ours, though it is the second largest country in the world. The majority of its population lives within 60 miles of the U.S. border. The Canadians worry about our exports of fruits and vegetables, which get ripe in the United States before they do in Canada and which drive down Canadian prices before the items are picked. Canada is much concerned that its economy not be dominated by U.S. interests and, in 1974, instituted a foreign investment revenue agency to screen foreign investments and approve them when they are of "significant benefit" to Canada. We are concerned about possible trade and investment distortion resulting from the performance requirements by that agency. We make these concerns known to

Canada in an effort to continue the favorable investment and trade climate so important to both our economies.

The 1979 Trade Act suggests that we take the links that bind our economy to that of our North American neighbors one step further and explore the prospect of setting up a North American free trade area. The Administration will make that study, but we should keep in mind that the prospect of such a free trade area does not seem the same from here as it does from the viewpoint of Canada or Mexico. Both of these countries have expressed serious reservations about the idea. Both are much smaller, they have a smaller industrial base and less rich agriculture. They are concerned that their economies not be overwhelmed by the much

Trade With the Soviet Union

PRESIDENT'S LETTER TO SENATOR JACKSON, OCT. 25, 1980¹

You wrote to ask my views about section 402 of the Trade Act of 1974, the Jackson-Vanik amendment.

From the beginning of my Presidency I emphasized our commitment as a nation to human rights as a fundamental tenet on which our foreign policy would be based. That commitment of mine is as deep and as important to me today as it was then.

You have always been a pioneer in the area of human rights and your leadership and support have been instrumental in our success. I am sure that the record will show that American words and actions in the last period have left their mark on the rest of the world. Because of our leadership the defense of human rights has its rightful place on the world agenda for everyone to see.

The Jackson-Vanik amendment, which you authored, represents an important statement of our nation's commitment to the free emigration of Soviet Jewry. As you well know, I, along with you, have been specifically concerned about Jewish emigration from the Soviet Union. The year before I became President, Jewish emigration was

about 14,000. Last year it was up to 50,000—the highest level in more than 10 years. The lower rate this year in the wake of the Soviet invasion of Afghanistan is of great concern. We will continue to register our strong concern about this low level of emigration at the Review Conference on Security and Cooperation which will meet in Madrid next month. The Soviet Union has an obligation to honor its Helsinki commitment.

After the Afghanistan invasion, I took a number of steps, including the suspension of grain sales and the restriction of high-technology exports to the Soviet Union, to make quite clear to the Soviets that we cannot conduct business-as-usual with them while their troops are occupying another country.

With the Soviet troops still in Afghanistan and with unacceptable denials of free emigration, it is totally inappropriate to consider any changes to section 402 of the Trade Act of 1974, and I have no intention of doing so. Furthermore, I can assure you that the U.S. delegation under the leadership of Ambassadors Griffin Bell and Max Kampelman at the CSCE Conference in Madrid will take every opportunity to make clear to the Soviet Union that their record of emigration is a violation of the Helsinki accords.

I value your views on this subject and I look forward to working closely with you on these very vital issues.

Sincerely,

JIMMY CARTER

¹Text from Weekly Compilation of Presidential Documents of Nov. 3, 1980. ■

larger U.S. industrial and agricultural machine. Both are eager to develop their energy resources to the maximum from their own development point of view. They are reluctant to mortgage their energy supplies to one market. They feel that their energy endowments are among the most precious economic assets they have. Though they recognize that proximity means that we are likely to be the principal purchaser of whatever they eventually decide to export, they wish full freedom to decide their production, price, and export policy. They are both fiercely proud of their political independence. In these circumstances, I am dubious that a North American free trade area is likely to become a reality in the near future. We will continue to develop our trade relations but probably by other means.

Conclusion

Despite the problems I have mentioned, the outlook for expanding trade relations with other countries in this hemisphere is basically bright. We clearly face a challenge in adjusting to the more complex and sophisticated economies emerging in much of Latin America and in adapting to the great strains of the new world energy situation, but economic expansion in the region clearly presents opportunities for American exporters. In addition, one byproduct of greater economic strength in the Latin American countries should be a lessening of the political sensitivity that now affects many economic issues. Finally, I believe that our neighbors in this hemisphere share our view that trade and political relations among us must be strengthened in the interest of us all. ■

Energy: Continuing Crisis

by Deane R. Hinton

Address before the Mid-America Committee in Chicago on November 18, 1980. Mr. Hinton is Assistant Secretary for Economic and Business Affairs.

Generals are said to study warfare and often learn the wrong lessons. Politicians, businessmen, and even bureaucrats may also become adept at winning yesterday's battles, not tomorrow's.

But history still instructs. Being wedded to the past is a mistake, but the past teaches us as well—if only to avoid repeating errors. In this vein, I suggest that lessons from the two oil crises of the 1970s—the 1973–74 embargo and the 1979 interruption of supplies from Iran—if applied to the future, can prevent the current oil supply interruption from seriously damaging our own and the rest of the world's economies.

The current situation is serious, and the longer term crisis continues. We need to act in the short term due to the Iran-Iraq war and in the longer term due to the industrialized world's dependence on imported oil to supply its energy needs. Our efforts to combat these threats must be vigorous and informed by experience, often painfully acquired.

The Right Lessons

Our government, under both Democratic and Republican administrations, has learned the right lessons at times in the past. The 1973 oil embargo and the accompanying cut in production were shocks to the system. Both our economic well-being and our security were put at jeopardy. We analyzed the problem and saw that there were two components—a need to protect ourselves against short-term supply interruptions and a realization that energy price and supply had become a long-term problem requiring ongoing, concerted action in order to avoid continuing vulnerability.

The establishment of the International Energy Agency (IEA) in 1974 was a response to both. This was an instrument to protect us against future embargoes or other major supply interruptions and to help nations work together to reduce our dependence on imported oil through conservation and acceleration of

the development of alternative supplies. We realized then that the energy problem had the potential to divide us from our principal economic partners and security allies. Accordingly, we designed the IEA as an energy collective security arrangement. Its centerpiece is an emergency oil-sharing system which can be triggered when needed. The trigger mechanism can be called into operation if the IEA, as a whole, is suffering a shortfall greater than 7%. In addition, any nation suffering a 7% shortfall can activate the system and call upon the other nations to make up continuing additional shortfalls beyond the 7% mark.

This sharing system has a number of strengths. It is capable of being implemented quickly and makes use of a previously agreed mechanism and formula. Triggering the system would give the United States and other IEA governments legal authority to implement strong domestic measures if necessary. Also, sharing would make oil available to hard-hit IEA countries and to oil-short companies in such countries, reducing the tendency to resort to the spot market where small quantities of petroleum products and crude oil are traded to clear the market, which is overwhelmingly dominated by long-term contracts. Price rises in the thin spot market create a psychology which encourages hikes in official prices—which consequently boost the overall oil bill.

The long-term lesson from 1973 was that the era of cheap and accessible energy had passed and that a continuing energy crisis was in train. Recognizing this, we embarked upon a vital journey, which is far from finished—a journey designed to improve our national approach to energy and to stimulate other countries to do the same. We have made much progress. At home, we are reducing our dependence on imported oil. For example, U.S. oil imports were below 7 million b/d [barrels per day] in the first 6 months of 1980 compared to 8.6 million b/d in 1977. In addition, increased energy efficiency has enabled us partially to decouple GNP growth from growth in oil consumption so our economy can expand without increasing our dependence on imports.

I won't review here the evolution and the vicissitudes of our national energy policy, but I think it can honestly be said that we have more than begun on the long road toward increasing our energy supplies and making better use of what we have. While we must concentrate first on putting our own house in order, we

also must continue to cooperate actively in pursuit of these same goals with our allies in the IEA and at the annual economic summits of the industrial democracies.

The Second Crisis

After the shocks of 1973 and 1974, we were making headway throughout the mid- and late-1970s. IEA efforts and our national policies were moving in the same, positive direction, although we were slower in starting than our IEA counterparts.

Unfortunately, in 1979, Iranian supplies were interrupted, and we were taught another lesson. This was a clear example of vulnerability to attack from an unexpected direction. The IEA system was designed to meet a recurrence of the 1973 experience—a major shortfall (above 7%) or an embargo. But history did not repeat itself. The interruption in 1979 was considerably less than 7%. We did not have an IEA mechanism on the shelf to deal with it.

We soon learned a painful lesson that even a small interruption, under conditions of uncertainty, could have devastating economic consequences. Although the decline in Iranian production was only 4% of world production, market dislocations and price increases buffeted a world economy which had still not fully recovered from the 1973 oil price shock. These blows helped push the United States into recession and slowed economic growth in the other industrial nations. In the United States our total inflation grew to double digits. For the industrialized nations as a whole, it is estimated that the price hikes of 1979 will ultimately cause a loss of about \$300 billion in GNP. And the fragile economies of the developing nations have been scarred even more severely by these higher oil prices.

The IEA developed a response to the 1979 crisis. Its members made a commitment—albeit a loose one—to reduce the group's demand for imported oil by 2 million b/d. Each nation's share of the reduction, as well as the time within which action had to be taken, was unspecified. Although significant savings of about 1.5 million b/d, or 6% of 1978 IEA imports, were achieved by the end of 1979, this was too late to forestall sharp price increases. IEA governments, focusing on the modest quantity of the shortfall, had underestimated the psychological impact of the crisis on the market. Midway through the year the United States came to the conclusion that the IEA response to the 1979 crisis was inadequate.

Another Lesson: The Need for Better Tools

The United States, therefore, took the lead in giving the IEA and the world community better tools to meet a shortfall. The most important of these is national ceilings on oil imports. At the Tokyo summit in June 1979, the seven largest industrial democracies adopted 1985 oil-import targets. The IEA subsequently refined and expanded these into national import ceilings for 1980 and national import goals for 1985 for all its members. This process has been institutionalized by the establishment of a system within the IEA in which ceilings would be imposed to counteract a market shortfall. Each nation would be responsible for determining the measures necessary to achieve its ceiling.

Thus, we are not without resources to face supply interruptions. In fact, our experience in the IEA has expanded our options beyond those which I have discussed. And we have established practices of consultation and cooperation which will permit us to tailor our responses directly to any concrete situation.

Dimensions of the Present Situation

In this way, we have refined, through chastening experience, our abilities to deal with oil-supply interruptions. Now we are faced with another novel and threatening situation—the Iran-Iraq war. The energy effects of war between the two oil producers are serious, although they have been manageable thus far. The war has taken 3.8 million b/d of oil exports off the world market, over 8% of oil produced in non-Communist countries. Since world consumption has declined, we can simply do without some of this oil—about 1 million b/d of it. Another 1–1.5 million b/d can be made up through increased production from the Saudis and other OPEC [Organization of Petroleum Exporting Countries] nations. This leaves a shortfall of over 1 million b/d, which is now being met by drawdowns of above normal stocks in some nations and by some belt tightening in nations without adequate stocks.

The extent of any possible continuing shortfall will depend on a number of factors, including how much additional supply is made available by other OPEC nations, whether companies and individuals begin to hoard oil supplies and whether the war expands to other nations or interferes with gulf shipping.

Since world stocks are at an all-time high, we should, in principle, be able to manage the current shortfall for at least the next 6 months. However, there are complicating factors. The current shortfall is not distributed evenly among countries and companies. The United States lost a very small percentage of its oil. Some IEA members—Italy and Japan—lost 15% and 8% respectively, while others—Turkey and Portugal—were hit more severely. France lost 30%, and Brazil and India have been cut by more than 40% each. In addition, many developing nations depended on Iraq for most of their oil and received it at much needed concessional terms.

Even in countries which have lost little overall, certain companies have suffered substantial losses. This means that even though world stocks are high, some nations and companies are hurting now, and others will be in the near future. If they are unable to secure adequate supplies elsewhere, they may turn to the spot market to make up their shortfall.

If they do so, spot market prices will increase, perhaps rapidly. OPEC ministers who meet in Bali on December 15 will be very attentive to price trends on the spot market. If history repeats itself, official price increases would follow and be reflected in long-term contracts for 1981 which will be negotiated next month. Some producers, in response to rising spot prices, may also impose surcharges on their official prices. Because of this price effect of a shortfall, all buyers would suffer. Even countries which lost few supplies—such as the United States—would bear a heavy burden.

In trying to plot our course of action during the next months, we must begin with a premise: It is unacceptable to permit oil prices to skyrocket as they did in 1979. Several key elements in the 1979 price escalator must be attacked—the leading role of spot prices, excess stock building, and fear of uncertainty in oil markets. If we focus on these factors and have learned our lessons well, we can defend ourselves adequately against another body blow to the world's economy.

Peace Efforts and IEA Cooperation

The first step is to reduce war-linked uncertainty in the oil market by encouraging those forces working for peace between Iraq and Iran.

- We are actively working through the U.N. Security Council toward a resolution of the conflict which does justice to

the legitimate concerns on both sides and follows the principles of international law.

- The U.S. position from the beginning of this conflict has been clear. We are impartial but not uninterested. The political, economic, and human consequences of a continuing conflict are of vital importance to us and the rest of the world.

- We are concerned that the conflict not be expanded and have taken steps to prevent that. We believe, strongly, that there must be no infringement of the internationally recognized freedom and safety of navigation in the Persian Gulf and welcome assurances given by both Iran and Iraq in this regard.

- We believe, as well, that countries should be protected against interference in their internal affairs and that international disputes should be settled by peaceful means rather than by force.

Beyond peace efforts, our principal aim is to keep the world supplied with oil in a way that reduces pressure on oil prices. On the supply side, certain gulf countries such as Saudi Arabia, Kuwait, and the U.A.E. [United Arab Emirates] have increased production to try to make up some of the shortfall suffered by customers of Iraq. Exports may also increase from nations such as Nigeria, which were producing at less than normal levels due to slack demand. The most we can hope for from these countries is an extra 1-2 million b/d, with the lower end of the range more likely.

On the demand side, we are cooperating with the 20 other industrialized nations which are members of the IEA and with France to calm the market. There are two related aspects to this effort. First, we can ease spot market pressure by using existing stocks. Second, we have to reduce overall demand for imported oil to compensate for reduced supply.

IEA nations agreed on October 1 to avoid abnormal purchases on the spot market and to meet any shortfall through stock draws. This has had a useful effect thus far. The IEA policy is based on consultation and persuasion, and we are depending in the last instance on the cooperation of oil companies. We must recognize that companies may become reluctant to draw down stocks even at normal rates if they foresee a continuing shortfall. If this proves to be the case, the buffer of high stocks, lacking in 1979, but which has furnished a cushion for us in 1980, will comfort us less and less in the future.

What we do further depends on our and the market's continuing assessment

of prospects for resumption of something approaching normal levels of production from Iraq and Iran. This requires judgments about the length of the war and the likely pace at which their exports could be restored to more normal levels. Based on the limited information available, damage to oil production and export facilities in both countries, to date, is not excessive, and exports will be likely to rise, to some extent, soon after hostilities cease. It may be some months, however, before exports would approach prewar levels. Any new or, as yet, unreported damage to oil facilities could extend this period, as would any difficulties in organizing repair efforts.

What Should Be Done Now?

While we cannot foresee the outcome of the conflict, we can act to mitigate its effect. We will be continuing discussions with our friends and allies in the next few weeks and will concert our responses to the oil markets in light of the situation in the Middle East. The adoption of import ceilings, activation of the sharing system, or other responses could require strong domestic measures. To handle short-term emergencies, nations have proposed measures such as fuel switching, emergency taxes or tariffs, temperature control standards, leaving cars home one day a week, and others. In 1979, we relied on fuel switching, temperature controls, and increasing production, where possible. We might need some additional mechanisms in 1981.

Whether any of these actions is ever used, the point remains: In order to reduce short-term price pressure, we need to reduce demand for oil. The choice is quite simple. We can cut back a bit now or risk paying the price. In this case, the price could be \$30-\$90 billion additional per year for our oil, resulting in reduction of growth, higher inflation, and diminution of our strength and international position. This was the real choice facing IEA countries in 1979, though we did not know it at the time.

Better Mechanisms and Expanded Supplies

We still need to learn, for the next time. The public needs to understand that the energy problem is not going to go away. We need to act consciously to manage it. We need to have popularly supported mechanisms to minimize upward price pressure during short-term interruptions and, for the longer term, to reduce more

rapidly the dependence of the United States and other nations on imported oil and speed the transition to other energy sources. We need to spur production.

Some of these mechanisms we can adopt ourselves; others require cooperation from other industrialized nations as well as the producing nations. Short-term demand restraint possibilities have already been mentioned. Longer term measures to increase available supply include increasing production from domestic energy resources—coal, oil, gas, and nuclear; hastening the development and commercialization of new energy technologies—solar, biomass, shale oil, liquids, and gas from coal; emphasizing conservation and efficiency; and expanding cogeneration of heat and power.

Considerable effort should be devoted to expanding secure energy supplies. We are taking the lead ourselves in coal. We are in the early stages of a substantial long-term coal export strategy by which we will increase our economic strength and also help our energy-deficient trading partners by providing them with reliable long-term energy supplies.

Other nations with abundant energy resources should respond to the needs of their friends and the world economy. Under foreseeable circumstances, it pays no nation to limit energy production for short-term national interests. This prescription applies across the board, since the political and economic security of every nation would be threatened by a chaotic and crippled energy-short world economy.

In our relations with key OPEC nations, we have emphasized their stake in a sound world economy and the importance of adequate, reasonably priced oil supplies to world economic health. Some nations, particularly those of the Arabian Peninsula, see the merits of a long-term perspective and are producing at levels far above those required for their domestic economies.

But the industrialized nations cannot ask OPEC to produce energy to respond to the needs of the world economy if they, themselves, will not. In this regard, Canada's recent announcement of a new national energy policy, which appears likely to result in limiting Canadian production, seems to be out of step with the rest of the world. We hope that, as details of Canada's new program are worked out, the Canadian Government will recognize its more general responsibilities to create incentives—including price increases—rather than disincentives to energy pro-

duction. We also hope that nations such as the United Kingdom and Norway will produce at maximum efficiency in order to provide more secure sources of energy supply.

We are doing our part. Energy policies now in place are having an appreciable effect on our energy balance sheet. We have reduced our oil imports by 25% since the peak year of 1977, and we are well on the road to increased energy production. We can now exercise greater leadership, internationally, in confronting the world's energy problems since we have turned from a nation with one of the weakest energy programs into a nation with one of the strongest. Policies and legislation have been effective in reducing demand and increasing supply, especially through gradual oil and gas price decontrol, incentives for greater energy efficiency in homes and businesses, fuel efficiency standards, building temperature controls, the synfuels program, and related measures.

But we cannot rest on our laurels. We have a long way yet to go. The war between Iraq and Iran is a telling reminder that the unpredictable and irrational do occur. We must strengthen our ability to react even to extreme cases. Ultimately, we will have learned the right lessons when the American people understand that our well-being and security are at stake in our response to the continuing energy crisis. ■

North Atlantic Council Meets in Brussels

Secretary Muskie departed Washington, D.C., December 9, 1980, to attend the regular semiannual session of the North Atlantic Council ministerial meeting in Brussels December 11-12. Before returning to the United States, he stopped in London December 12-14 to consult with British officials.

Following are the texts of the final communique, the declaration approved by the 15 Foreign Ministers, and the minutes extracts made available to the press of December 12.

FINAL COMMUNIQUE, NORTH ATLANTIC COUNCIL¹

The North Atlantic Council met in ministerial session in Brussels on 11th and 12th December, 1980, against a background of growing uncertainty and tension in international relations. Ministers agreed on the following:

1. The continuing military build-up of the Soviet Union, its clear willingness, as seen in Afghanistan to use force in disregard of the principles of the United Nations Charter, the Helsinki Final Act and International Law and the Soviet menace which hangs over Poland give cause for grave concern to the members of the Alliance and to the entire international community.

Allied strength and cohesion are thus essential to the maintenance of stability and peace. United in purpose, the Allies are determined to meet any challenge to the freedom and well-being of their peoples and to make the efforts and sacrifices required for deterrence and defense. In this way they do their part to preserve the basis for detente.

Genuine detente must be worldwide in scope and indivisible. It can succeed only if the Soviet Union strictly abides, in Europe and elsewhere, by the Helsinki Final Act in their entirety. Allied efforts to persuade the Soviet Union to change its policy from one of intervention in the affairs of other states to one of respect for their sovereignty serve the general interest of the international community. The Allies will keep open channels of communication and be ready to respond positively to concrete steps by the Soviet Union to cease aggressive activities and to restore the basis for constructive East-West relations. In this connection, the Allies remain committed to the pursuit of effective, balanced and verifiable measures of disarmament and arms control.

2. Detente has brought appreciable benefits in the field of East-West cooperation and exchange. But it has been seriously damaged by Soviet actions. It could not survive if the Soviet Union were again to violate the basic rights of any state to territorial integrity and independence. Poland should be free to decide its own future. The Allies will respect the principle of non-intervention and strongly urge others to do likewise. Any intervention would fundamentally alter the entire international situation. The Allies would be compelled to react in the manner which the gravity of this development would require. Therefore the Council will keep the situation under close and continuous review. At the same time, genuine Soviet efforts to restore the confidence necessary for detente will meet with a ready response from the Allies.

3. It is important, particularly in the present circumstances, that the calm situation in and around Berlin should be maintained and that the positive effects of the Quadripartite Agreement of 3rd September, 1971, should not be impaired by unilateral measures. The international situation as a whole cannot fail to be affected by the situation in Berlin.

Recent measures introduced by the German Democratic Republic have substantially reduced inner-German travel and visits of Berliners. This development constitutes a setback in the relationship between the two German states. The Allies support the efforts of the Federal Republic of Germany to achieve the withdrawal of these measures so that relations between the Federal Republic of Germany and the German Democratic Republic could develop further in the interest of stability and co-operation in Europe and of those affected.

4. The Soviet occupation of Afghanistan is unacceptable. One year after the Soviet invasion, the Afghan people still suffer from repression by foreign troops on their soil. The use of military force by the Soviet government to impose its will on the people of a neutral and non-aligned country belies its oft-repeated professions of friendship for the nations of the Third World, creating distrust about its future intentions. An overwhelming majority of the United Nations General Assembly has again called for the immediate removal of the foreign troops from Afghanistan. Despite the efforts of the Islamic Conference, the quest for a political settlement has made no progress because of Soviet intransigence. Such a settlement must provide for the total withdrawal of Soviet troops and enable the Afghan people to exercise fully their rights of independence and self-determination.

More than one million Afghans have been forced by the Soviet occupation to flee

their homeland, causing great human suffering and placing a heavy burden on neighbouring countries. In the spirit of the United Nations Resolutions, Allied governments, in common with a number of neutral and non-aligned countries, are contributing to humanitarian aid to alleviate the plight of these refugees.

5. The Soviet invasion of Afghanistan has major implications for the whole of South-West Asia, an area of paramount interest to the international community and the security of the Allies. Members of the Alliance are prepared to work for the reduction of tension in the area and, individually, to contribute to peace and stability for the region, while protecting their vital economic and strategic interests.

The Allies deplore the war between Iraq and Iran, which causes further concern for the stability of the affected region. In this connection, they underline the importance of maintaining freedom of navigation.

Recalling positions previously taken by the Council, the Allies reaffirm the need for early achievement of a just, lasting and comprehensive settlement of the Arab-Israeli conflict.

6. The enormous growth over a number of years of Warsaw Pact and in particular Soviet military power gives rise to legitimate concern in Europe and throughout the world. This build-up contradicts the frequent assurances by the Warsaw Pact countries that their aim is not military superiority.

Under present circumstances there is particular need to look to deterrence and defence. The Allies will therefore take, individually or collectively, the defensive measures to meet the growth of Warsaw Pact capabilities and to deter any aggression.

7. The strength of the Alliance lies not only in its defensive capability but also in its cohesion and the readiness of its members to give one another political and economic support. In particular they have greatly benefited from the practice of frank and timely consultations on a broad range of issues. They will vigorously pursue this practice with the object of underscoring their solidarity on all matters affecting their common interests. They will continue Allied programs to strengthen the economies of the less advanced member countries, undertaken in the spirit of article 2 of the North Atlantic Treaty, which have gained additional significance and urgency.

The deterioration of the situation in South-West Asia underlines the necessity and urgency of enhancing the defence posture of the South-Eastern flank and of maintaining stability and a balance of power in the Mediterranean region as a whole.

The cohesion of the South-Eastern flank has been strongly reinforced by recent positive decisions regarding this area, and the capability of the alliance for deterrence and defence has thereby considerably improved. These developments may, at the

same time, be considered as a welcome step to the restoration of mutual confidence between Greece and Turkey, and they enhance the prospects for success of the bilateral efforts of the two governments.

8. The Allies attach importance to the process initiated by the Conference on Security and Co-operation in Europe (CSCE) as a valuable framework for improving security and developing co-operation in Europe on the basis of full implementation of the commitments entered into at Helsinki. They remain committed to the continuation of the CSCE process beyond the present follow-up meeting in Madrid. This meeting is taking place in the shadow of the Soviet invasion of Afghanistan and the continuing suppression of human rights in the Soviet Union proclaimed on the Helsinki Final Act. In condemning these violations, as during the thorough discussion of implementations, the Allies are seeking to preserve the integrity of the Final Act, to which they remain dedicated.

In the same spirit, they are presenting important new proposals in all areas covered by the Final Act, including human rights, human contacts and information. In the security area the allies strongly support expanding and strengthening confidence building measures within a framework that ensures they will be militarily significant, verifiable and applicable to the entire continent of Europe, including all of the European territory of the Soviet Union. In this regard, recalling their previous declaration in Ankara, the Allies took note that the proposal of the Government of France concerning a mandate for a conference on Disarmament in Europe, under the aegis of the CSCE, has been tabled in Madrid where it has been welcomed by many delegations.

9. Sharing the widespread international concern at the continuing increase in armed forces and armaments throughout the world, Allied governments have put forward proposals in various form in which arms control and disarmament are discussed. These efforts are made more difficult if agreements already in force are not fully observed. In this connection, the Allies welcome all constructive efforts by the contracting parties aimed at ensuring the effectiveness of existing accords. The negotiation of new agreements must provide for adequate verification. The Allies will continue to seek agreements establishing greater security for all nations at lower levels of forces and armaments within the United Nations framework and elsewhere.

10. The Allies engaged in the negotiations on Mutual and Balanced Force Reductions remain determined to achieve a more stable and equitable balance of forces in Central Europe through reductions in two phases leading to genuine parity in military manpower in the form of a common collective ceiling, based on agreed data. The Western proposal of December 1979 provides a realistic framework for a mutually beneficial phase 1 agreement involving

United States and Soviet reductions and associated measures. Although the Eastern countries have recently made some limited moves towards an interim phase 1 agreement, as proposed by the West, they have regrettably still not provided the information necessary to reach agreement on the size of the forces of the Soviet Union in Central Europe, which is an essential prerequisite to a phase 1 agreement. Nor have the Eastern countries responded adequately to Western proposals concerning associated measures which are designed to ensure verification of force reductions and limitations and to enhance stability.

11. Assuring strategic balance between the United States and the Soviet Union is central to the security of the Alliance. The Alliance supports further negotiations and remains deeply committed to the SALT process as a way of achieving meaningful mutual limitations on United States and Soviet strategic nuclear forces that will help enhance Western security and preserve East-West stability.

12. The Allies who participated in the decision of 12th December, 1979 on Theatre Nuclear Forces (TNF), having received a second report from the Special Consultative Group on Progress in Arms Control involving TNF, expressed their satisfaction with the close and fruitful consultations which have taken place within the Group. They noted with satisfaction the serious and substantive character of the recent discussions between the United States and the Soviet Union. Those Allies expressed their support for the United States negotiating approach, elaborated in intensive consultations among them on the basis of the December 1979 decision. A date for resumption of US-Soviet exchanges next year will be set through mutual consultations.

The continuing implementation of the modernization element of the December 1979 decision was noted. The Soviet preponderance in Long-Range TNF (LRTNF) deployments remains cause for serious concern. The SS-20 bases already identified would alone support more warheads than are planned for their entire modernization program. Allied solidarity in support of both modernization and arms control involving TNF remains key to achieving progress toward agreed limitation. The scale of NATO's Long-Range TNF requirements will be examined in the light of concrete results achieved through negotiations.

The withdrawal of 1,000 United States nuclear warheads from Europe as an integral part of the LRTNF modernization and arms control decision has been completed.

DECLARATION

The Foreign Ministers and representatives of Belgium, Canada, Denmark, France, the Federal Republic of Germany, Greece, Iceland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Turkey, the United King-

dom and the United States of America recalled previous declarations regarding acts of violence and terrorism including those committed against diplomats and diplomatic missions. They noted with grave concern the suffering inflicted on innocent people, as well as the negative impact of the continuation and spread of such acts on the social structure and democratic institutions of individual countries and on international relations. They vigorously condemned these terrorist acts as particularly odious, regardless of their causes or objectives. They agreed unanimously on the necessity, in accordance with the legislation of each country, for close inter-governmental cooperation and effective measures to prevent and combat terrorism.

With particular reference to Iran, they expressed their continued deep concern over the flagrantly illegal holding of United States diplomatic personnel and property and repeated their call upon the Iranian authorities to release immediately and unharmed the American hostages.

MINUTES EXTRACTS

Economic Cooperation and Assistance Within the Alliance

Reaffirming their attachment to the spirit of article 2 of the North Atlantic Treaty, Ministers reviewed the particular problems faced by the economically less advanced member countries in the light of the difficult world conditions currently being experienced. They noted a report by the Secretary General on the progress so far achieved through appropriate bilateral and multilateral channels in improving the economic situation in those member countries. Following the political initiatives taken since 1978, substantial results have been obtained, but Ministers underlined that continued political support was essential for solving the longer term economic problems of these countries, which would contribute to the consolidation of Alliance strength and solidarity.

"Science for Stability"

Ministers noted that concrete proposals had now been developed to implement the "Science for Stability" programme, whose establishment they endorsed last June, to strengthen the scientific and technological capabilities of the less developed member countries, and that these proposals would require the provision of adequate funding over the next five years.

The Situation in the Mediterranean

Ministers noted the report on the situation in the Mediterranean prepared on their instructions and underlined again the necessity of maintaining the balance of forces in the

whole area. They requested the Council in permanent session to continue to consult on the question and submit a further report at their next meeting.

Equipment Cooperation

Ministers examined a report by the Conference of National Armaments Directors and noted the encouraging progress being made both in periodic armaments planning and in cooperative projects for the development and production of defence equipment. They welcomed the efforts being undertaken under the transatlantic dialogue to initiate dual production projects and promote the study and introduction of families of weapons. Such a transatlantic dialogue presupposes the development of cooperation between European countries of the Alliance. Emphasizing the important contribution which standardization can make both to military effectiveness and a better use of resources, they welcomed the standardization achieved in respect of the calibres for infantry small arms.

Noting the emphasis being placed on using the technological potential of Alliance members to the best advantage for the development of defence equipment, Ministers urged that continuing attention be paid to assisting the less industrialized member nations. In this context they welcomed the recent leasing by the United States to Turkey of military industrial equipment.

Recognizing the importance of a coordinated air defence programme to the defensive posture of the Alliance, Ministers

welcomed with satisfaction the establishment for this purpose of a NATO Air Defence Committee under the Council.

Civil Emergency Planning—Commitment of Merchant Ships and Civil Aircraft by Member Countries

Ministers took note of progress made in this field and endorsed the action being taken to improve the state of contingency planning.

Committee on the Challenges of Modern Society

Ministers noted the annual progress report by the Secretary General on the work of the Committee on the Challenges of Modern Society (CCMS). They received a report on the high-level meeting held in Brussels on 24th November 1980 when seven Ministers of the Environment and other senior officials exchanged views on the environment and national planning, the problems posed by the utilization of diversified energy sources and the environmental management of chemicals.

Ministers took note of the completion of a major pilot project concerned with reducing the scale of emissions of sulfur oxide gases into the atmosphere. They underscored the necessity for wide diffusion of the Committee's project reports and expressed the hope that recommendations be rapidly integrated into national environmental policies. In addition, they noted with interest the decisions to hold symposia next fall on technology assessment and hazardous wastes

22d Report on Cyprus

MESSAGE TO THE CONGRESS, NOV. 20, 1980¹

In accordance with the provisions of Public Law 95-384, I am submitting the following report on progress made during the past 60 days toward a negotiated settlement of the Cyprus problem.

As was noted in my last report, inter-communal talks between representatives of the Greek and Turkish Cypriots resumed on August 9 under the aegis of United Nations Special Representative Ambassador Hugo Gobbi. Systematic substantive examination of the essential problems dividing the communities began on September 16. The parties have been examining the following general subjects, on the basis of one topic each meeting:

- (A) Resettlement of Varosha under United Nations auspices;
- (B) Promotion of goodwill, mutual confidence and normal conditions;

- (C) Constitutional problems;
- (D) Territorial divisions.

Meetings were held on September 24, October 1, 8, 15, and 31 and November 5 and 12. We are encouraged by the fact that the negotiators at these sessions have engaged in serious examinations of their differences and are seeking mutually acceptable solutions. The negotiating atmosphere between the parties has remained congenial.

I am hopeful that the good start achieved by these meetings will develop into sustained negotiations leading to a comprehensive solution. Serious, sustained talks provide the best opportunity for reaching a just and lasting settlement of the issues that face Cyprus.

Sincerely,

JIMMY CARTER

¹Identical letters addressed to Thomas P. O'Neill, Jr., Speaker of the House of Representatives, and Frank Church, Chairman of the Senate Foreign Relations Committee (text from Weekly Compilation of Presidential Documents of Nov. 24, 1980). ■

as well as strengthening the CCMS fellow-ship programme.

Ministers noted that the recent plenary session of the Committee in the context of a general review of projects currently in progress devoted particular attention to seismology and earthquake loss reduction. Ministers agreed that recent tragic events in Italy gave additional importance to this project.

¹Press release 348 of Dec. 16, 1980. ■

President Meets With Chancellor Schmidt

Chancellor Helmut Schmidt of the Federal Republic of Germany visited the United States November 18-21, 1980. Following is the text of a White House statement released at the conclusion of the Chancellor's meeting with President Carter on November 20.¹

President Carter and the Chancellor of the Federal Republic of Germany, Helmut Schmidt, held a thorough conversation in Washington, November 20, during the Chancellor's visit to the United States, November 18 through 21. The President hosted a White House luncheon for the Chancellor and Foreign Minister Hans-Dietrich Genscher on November 20 in which Secretary of State Muskie, National Security Adviser Brzezinski, and senior officials also participated.

The conversation between the President and the Chancellor covered a wide range of political, security, and economic issues of mutual interest to the two countries. The President and the Chancellor agreed on the necessity of continuing these close consultations, including during the transition period, in order to assure continuing full coordination of the policies followed by the two countries on major international issues.

In their conversation the President and the Chancellor agreed on the continued importance of improving NATO's defense posture and of efforts aimed at reaching arms control agreements with the Soviet Union and its Warsaw Pact allies in order to insure a stable military balance.

In their discussion of East-West relations, both sides welcomed the continuation of the CSCE [Conference on Security and Cooperation in Europe] process at the Madrid review con-

Convention on Elimination of Discrimination Against Women Sent to Senate

MESSAGE TO THE SENATE,
NOV. 12, 1980¹

With a view to receiving the advice and consent of the Senate to ratification (subject to certain qualifications and possibly to appropriate implementing legislation), I transmit herewith a copy of the Convention on the Elimination of All Forms of Discrimination against Women. The Convention was adopted by the United Nations General Assembly on December 18, 1979 and signed on behalf of the United States of America on July 17, 1980. The report of the Department of State with respect to the Convention is also transmitted for the information of the Senate.

Adoption of this Convention by the General Assembly at the conclusion of its 34th Session in December, 1979, was the culmination of a negotiating process that lasted several years. Throughout this process, the United States was an active participant and a vigorous supporter of a comprehensive and effective international instrument to achieve the elimination of discrimination against women. Although certain earlier human rights treaties relate to the rights of women, none of these previous instruments attempted to deal with women's

reference, to which both governments remain committed. In this context they stressed the right of each country, irrespective of its political or social system, to resolve its problems in free exercise of its sovereignty and without intervention from any quarter. Moreover, they reiterated, with reference to the resolution of the General Assembly of the United Nations, their regret that there is no evidence of Soviet readiness to withdraw its forces from Afghanistan and to seek a political solution of the Afghanistan crisis.

• The President and the Chancellor discussed the latest developments in the Middle East. They reviewed the ongoing negotiations in the Camp David framework and stressed the urgent need for progress toward a comprehensive peace settlement.

Secretary Muskie and Foreign Minister Genscher also held a separate meeting earlier in the day.

¹Text from Weekly Compilation of Presidential Documents of Nov. 24, 1980, which also contains the President's and Chancellor's remarks to reporters on the South Lawn of the White House following their meeting. ■

rights in as comprehensive a manner as this Convention. The wide scope of the Convention is particularly noteworthy and commendable in that it calls upon States Parties to take "all appropriate measures" to eliminate discrimination against women in such diverse fields of human endeavor as politics, law, employment, education, health care, commercial transactions, and domestic relations. Moreover, the Convention establishes a Committee on the Elimination of Discrimination against Women to review periodically the progress being made by States Parties.

Ratification of the Convention on the Political Rights of Women in 1976 was a recent express affirmation by the Executive and Legislative branches of the U.S. Government that human rights in general and women's rights in particular are matters of legitimate concern to the international community and are not subjects with exclusively domestic ramifications. U.S. ratification of the Convention at hand, the newest of the international human rights instruments, would be consistent with this affirmation and would make clear at home and abroad the commitment of the United States to eliminate discrimination against women.

The great majority of the substantive provisions of the Convention are consistent with the letter and spirit of the United States Constitution and existing laws. However, certain provisions of the Convention raise questions of conformity to current United States law. Nevertheless, the Departments of State and Justice and other interested agencies of the Federal Government concur in the judgment that, with the adoption of certain qualifications and, possibly, appropriate implementing legislation, there are no constitutional or other legal obstacles to United States ratification. The report of the Department of State on the Convention and an attached legal memorandum describe the provisions of the Convention and identify those areas of concern that will require further discussion and treatment.

This Convention is a significant new element in the development of the international law of human rights. By giving its advice and consent to ratification of the Convention, the Senate will confirm our country's traditional commitment to the promotion and protection of human rights and will enhance our nation's ability to achieve progress throughout the world. I hope that all States will become Parties to the Convention, and that it will be applied universally. I recommend that the Senate give early and favorable consideration to this Convention.

JIMMY CARTER

¹Text from Weekly Compilation of Presidential Documents of Nov. 17, 1980. ■

Western Sahara Dispute

by Harold H. Saunders

*Statement before the Subcommittee on Africa of the House Foreign Affairs Committee on December 4, 1980. Mr. Saunders is Assistant Secretary for Near Eastern and South Asian Affairs.*¹

There have been some modest developments in the western Sahara dispute over the past 6 months which improve prospects for the negotiating process necessary to develop the terms of a settlement.

As you are well aware, the American Government has sought to encourage all of the interested parties to turn their energies from the battlefield to the peace table. While we are neutral on the final outcome, we are deeply committed to bringing this war to an end so that our friendly relations with all of the countries of North Africa can continue to develop unclouded by the present distractions and complications of the war in the Sahara.

In the deliberations of the Organization of African Unity (OAU) in the past few months and the current U.N. General Assembly, tentative steps have been taken that may begin to lead the protagonists out of their current impasse. Over the past 6 months, we have seen a gradual change in attitudes on all sides which has created an atmosphere and an opportunity increasingly focusing the attention of the interested parties on those successive steps that must be taken if a compromise resolution of this conflict is to emerge.

I emphasize that the process is still highly tenuous and requires careful nurturing. There is no quick and easy solution. The road toward peace—in the western Sahara and elsewhere—will take the parties over some rough terrain as they maneuver to defend what they perceive to be their vital interests.

U.S. Relations With the Parties

Our relations with the parties to the dispute bear directly on our ability to work with them toward a solution. Today, partly as a result of our decision to sell certain types of arms to Morocco, our measure of influence with Morocco is increased to the point where we can cooperate in constructive steps, most recently the Moroccan-sponsored resolution at the United Nations.

At the same time, we have increased the intensity of our contacts with Algeria, especially on the question of our hostages in Iran. We believe such cooperation in one field will make it easier for us to work together in others. Also, we have established contacts with the Polisario, first in a meeting in Washington last spring, then by a visit to Polisario refugee camps in Algeria within the past week.

Establishing a Negotiating Process

As you know, the OAU has played an important role in trying to work out a compromise solution. Arising out of a decision taken by the OAU summit

Bill of Rights Day, Human Rights Day and Week, 1980

A PROCLAMATION¹

On December 15, 1791, the Bill of Rights became part of the Constitution of the United States. On December 10, 1948, the United Nations General Assembly adopted the Universal Declaration of Human Rights. Marking these anniversaries together gives us an opportunity to renew our dedication both to our own liberties and to the promotion of human rights everywhere.

The Bill of Rights carries with it an implied responsibility for the governed as well as for the governing. No American citizen can rest satisfied until the Bill of Rights is a living reality for every person in the United States, irrespective of race, religion, sex, national or ethnic origin. We cannot simply rely on the decency of government or the alertness of an active free press. Each individual must shoulder his or her share of the responsibility for seeing that our freedoms will survive.

The Universal Declaration of Human Rights is the cornerstone of a developing

international consensus on human rights. Through it, the members of the United Nations undertake to promote, respect and observe human rights and fundamental freedoms for all without discrimination. We must continuously monitor the progress of this effort and the records of governments around the world.

The promise of the Declaration is remote to all those who suffer summary executions and torture, acts of genocide, arbitrary arrest and imprisonment, banishment, internal exile, forced labor and confinement for political cause. It is remote to the countless refugees who flee their lands in response to the elimination of their human rights. It is remote to those subjected to armed invasions or to military coups that destroy democratic processes. The Declaration will ring hollow to that segment of a population discriminated against by laws of *apartheid* or by restrictions on religious freedom. It will ring hollow to those threatened by violations of freedom of assembly, association, expression and movement, and by the suppression of trade unions.

The Declaration must also ring hollow to the members of the U.S. Embassy staff who have been held captive for more than a year by the Government of Iran.

The cause of human rights is embattled throughout the world. Recent events make it imperative that we, as Americans, stand firm in our insistence that the values embodied in the Bill of Rights, and contained in the Universal Declaration, be enjoyed by all.

I urge all Americans to support ratification of the Genocide Convention, the Convention on the Elimination of all Forms of Racial Discrimination, the Covenant on Economic, Social and Cultural Rights, the Covenant on Civil and Political Rights and the American Convention on Human Rights. I renew my request to the Senate to give its advice and consent to these important treaties.

NOW, THEREFORE, I, JIMMY CARTER, President of the United States of America, do hereby proclaim December 10, 1980, as Human Rights Day and December 15, 1980, as Bill of Rights Day, and call on all Americans to observe Human Rights Week beginning December 10, 1980. It should be a time set apart for the study of our own rights, so basic to the working of our society, and for a renewal of our efforts on behalf of the human rights of all peoples everywhere.

IN WITNESS WHEREOF, I have hereunto set my hand this fourteenth day of November, in the year of our Lord nineteen hundred and eighty, and of the Independence of the United States of America the two hundred and fifth.

JIMMY CARTER

¹No. 4804 of Nov. 14, 1980 (text from Weekly Compilation of Presidential Documents of Nov. 17). ■

meeting last July, the OAU's ad hoc mediation committee on the western Sahara (more commonly referred to as the Wisemen Committee) met in September and approved a peace plan calling for an immediate cease-fire by December 15, return of the Moroccan and Polisario forces to their base camps, a U.N. peacekeeping force to supervise the cease-fire, and an OAU referendum assisted by the United Nations on the issue of the future political status of the western Sahara. For the first time, all of the interested parties—Algeria, Mauritania, Polisario, and representatives of Saharan organizations in the western Sahara, including Morocco—attended this session of the Wisemen Committee even though no negotiations took place among the interested parties.

Morocco, which regards itself as the aggrieved party to Polisario attacks within Morocco proper, readily accepted the OAU call for an immediate cease-fire but expressed reservations about the referendum, while the Polisario supported a referendum but refused to accept a cease-fire until Morocco agrees to enter into direct negotiations. Algeria, for its part, maintained its position that it was not a party to the dispute even though the Polisario is granted assistance and asylum by the Algerians. It is widely anticipated that if the current OAU initiative does not lead to substantial progress toward a negotiated settlement by next June—when the 1981 OAU summit will take place—the Polisario will be admitted to the OAU. This may lead to increased material assistance to the Polisario and to further isolation of Morocco.

Further developments occurred during consideration of the western Sahara issue by the U.N. General Assembly's Fourth Committee last month. The resolution supported by Algeria passed easily, criticizing Moroccan occupation of the western Sahara and calling for direct negotiation between the Polisario and Morocco leading to self-determination and "independence." By referring to "independence" and to the Polisario as "representative of the people of the western Sahara," it seemed to us that this resolution prejudged the issue and to some degree contradicted the Wisemen recommendation for a referendum which would allow the inhabitants of the western Sahara to express their own preferences.

The Moroccans offered a resolution which supported the initiatives of the

U.S., Israel Settle Claim on U.S.S. *Liberty*

DEPARTMENT ANNOUNCEMENT,
DEC. 17, 1980¹

The U.S. Government has accepted the proposal by the Government of Israel to pay \$6 million in three annual installments of \$2 million each, beginning on January 15, 1981, as final settlement of the U.S. claim for compensation for damage to the U.S.S. *Liberty* as a result of actions of the Israeli Armed Forces on June 8, 1967.

The Government of Israel paid in full in 1968 the U.S. claim for \$3,323,500 on behalf of the families of the crewmen who were killed in the incident, and in 1969 the Government of Israel paid in full the U.S. claim for \$3,452,275 for injuries sustained by the members of the *Liberty's* crew.

¹Read to news correspondents by Department spokesman John Trattner. ■

Wisemen Committee. We would have liked to have seen specific reference to the core elements of the Wisemen's recommendations. However, in a statement the Moroccan delegate said: "Morocco is cooperating and will continue to cooperate diligently with the ad hoc committee to implement its mandate of Free-town, particularly as it relates to the free choice of the population." We considered this statement a significant step forward and, on the basis of it, supported the Moroccan draft resolution.

Future Prospects for Negotiation

Although the Moroccan draft resolution was defeated by one vote, we followed up with bilateral discussions with both the Moroccans and Algerians to explore how the recommendations of the Wisemen Committee could be implemented. We have also sought to elicit from various members of the OAU their suggestions for maintaining the momentum set in train by the September resolutions of the OAU Wisemen Committee. There are a number of questions which might be usefully addressed in this regard. How would a referendum be carried out? How would one establish voting eligibility? Which institutions

would be best equipped to carry out a referendum? Would it be useful for the OAU to establish a subcommittee of experts to work out some of these details?

We do not embrace any particular solution to the conflict, although the OAU call for a cease-fire and a referendum does appear to us as a useful basis upon which to move forward. As a result of my discussions with interested and concerned parties, I note a heightened interest in accelerating the peace process. Compared with the situation a year ago, I believe that we can take some satisfaction in the progress that has been made.

- The interested parties have met with the OAU subcommittee.
- The complexities involved in reaching a peaceful solution have been brought out more clearly.
- The OAU has laid down general principles which could serve as the basis for a settlement.
- And most important, the interested parties seem to have come to an awareness of the urgency of embarking on negotiations as the only way out of a stalemate on the battlefield.

Nevertheless, the principal parties remain far apart on their demands. We believe a process of peace is required to bring about a convergence of views.

Military Situation

While the military situation in the past year has improved for the Moroccans and they appear able to hold their control of the principal towns in the western Sahara, Polisario attacks continue. Thus the war of attrition continues without any indication that either side has reason to hope for a military victory.

We have been particularly concerned about Polisario attacks deep into Morocco's southern provinces which in some instances could have shifted the locus of the fighting toward the Moroccan-Algerian border. In talks with both Algeria and the Polisario, we have attempted to discourage especially attacks outside of the disputed territory. There are some indications that our concern has been fruitful. Reports of increased Polisario movement in Mauritania and the role of Libya are also of concern to us. We do not believe that either Morocco or the Polisario has won—or can win—a decisive advantage on the battlefield. Therefore, our

original premise that the war is unwinnable in any ultimate sense is still valid. That fact, of course, should be an added incentive for encouraging the interested parties to reach a compromise settlement.

Status of U.S. Arms Sales to Morocco

I would like to end my remarks with a few comments on the status of U.S. arms deliveries to Morocco. With regard to the arms package which was approved earlier this year, consisting of 6 OV-10 reconnaissance aircraft, 20 F5-E fighter aircraft, and 24 helicopters, none of these items has yet been delivered to Morocco. There is some question whether the Moroccans are still interested in the purchase of the helicopters, and a delivery schedule is still pending. The first fighter aircraft deliveries should commence in mid-1982. Morocco has made a request for the sale of 108 M-60 tanks, and it is under review in the Department.

Conclusion

The western Sahara conflict is a complex issue in which our North African friends are themselves divided. It is our hope that the United States will continue its role of encouraging the interested parties to concentrate on the negotiating process itself and that out of the give and take which such a process involves, a compromise settlement will emerge.

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. ■

Law of the Sea

by George H. Aldrich

Address before the National Association of Manufacturers in San Francisco on December 9, 1980. Mr. Aldrich is Acting Special Representative of the President for the Law of the Sea Conference.

In the course of my present assignment, I have met many Americans who are involved in one way or another with our mineral industry or are concerned about our future access to minerals. These have not all been the most friendly of encounters, despite the fact that I share many of these concerns. Often I find myself facing questions as to why we have permitted our future access to the mineral resources of the deep seabeds to become hostage to a U.N. Conference on the Law of the Sea. The clear implication of many of these questions and the comments that often accompany them is that our government, either through naivete or duplicity, is playing fast and loose with our economic security in order to curry favor with the Third World. While I am sure that none of you share any of these delusions, the purpose of my remarks today is to explain why they are delusions—just in case.

To understand the effort in which we are engaged in the Law of the Sea Conference and our goals with respect to deep seabed mining, it is necessary to review, at least briefly, both the history of the efforts since the Second World War to codify and develop the international law governing uses of the oceans and the legal problems and requirements of a pioneer industry facing up to the task of exploiting the mineral resources of one of the world's common areas, the seabeds beyond the limits of national jurisdiction. In a very real sense, it is the interaction of these two lines of development and their not easily compatible imperatives that defines our present struggle to obtain assured access to seabed resources as part of a comprehensive treaty on the law of the sea.

Historical Background

Postwar efforts to develop and codify the international law of the sea have resulted in three U.N. conferences. The first produced four conventions adopted

in 1958—one concerning the high seas; another the Continental Shelf; a third, the territorial sea and contiguous zone; and the fourth, fishing and the conservation of the living resources of the high seas. The second U.N. conference failed, in 1960, to reach agreement on the major question before it—the maximum permissible breadth of the territorial sea. The third conference is now in its eighth year and, if successful, will establish a new and comprehensive legal regime for the oceans.

Let us pause a moment to consider why the nations of the world have needed three successive conferences and why, even after all this effort, success, although likely, is still in the future.

The 1958 conventions were designed in part to bring an end to "creeping jurisdiction," the steady expansion of claims by coastal states to exercise jurisdiction off their coasts. To be successful, they would have to have been generally accepted or at least complied with by most, if not all, coastal states, and they would have to have imposed limits on the breadth of the territorial sea and on the extent of the jurisdiction that could be exercised by coastal states. Unfortunately, they failed on all counts, and the years since 1958 have seen a steady growth of coastal state claims of sovereign rights, particularly over offshore resources.

The High Seas Convention, which was the most widely accepted of the four 1958 conventions, has only 56 states party to it, whereas there are 158 states participating in the third U.N. conference. Almost all of the major maritime powers became party to that convention, but most of the coastal states stayed out and led the fight for expanded jurisdiction.

For the United States, maritime freedoms have historically been more important than offshore resources. In the past 35 years, however, the United States has become increasingly aware of the importance of the natural resources off its coasts: first, of the oil and gas under the Continental Shelf and, more recently, of the coastal fisheries. Nevertheless, despite these increasing concerns with our offshore resources, the United States remained very much aware of its dependence on the unimpeded passage of ocean com-

merce and of its security needs for freedom of naval navigation and overflight throughout the oceans, including the transit of straits. Our increasing and unfortunate dependence on imports of foreign oil have reinforced these needs.

In the late 1960s, the United States joined with the Soviet Union and some other major maritime powers to promote renewed efforts by the United Nations to develop and codify the law of the sea in ways that would be universally accepted and would effectively bring to an end the rapid expansion of coastal state jurisdiction. Simultaneously, other voices in the United Nations were calling for internationalization of ocean space beyond national jurisdiction. These separate efforts resulted in the establishment, first, of a U.N. Seabed Committee and, subsequently, of the Third U.N. Conference on the Law of the Sea.

This third conference quickly decided that the convention it hoped to produce would be comprehensive—treating all aspects of the law of the oceans. Unlike the conventions of 1958, which divided the subject into discrete categories, the new law was to be a “package deal” dealing with navigation, resources, pollution, and international questions. While this made the negotiating task harder by requiring success on all fronts, it tended to insure that the results would be accepted universally. The coastal states would agree to the navigational protections and the limitation of territorial seas to 12 miles in breadth in return for the recognition by all other states of 200-mile economic zones; and all states would feel compelled to become parties in order to participate in the new international organization created to manage the resources of the deep seabeds, which were beyond the national jurisdiction and which had been declared by the U.N. General Assembly in December 1970, by unanimous resolution, to be “the common heritage of mankind.” This is how the search began for the comprehensive “package deal.”

Seabed Mining's Special Problems

Now, let us turn our attention to the special problems of resource recovery from an area beyond national jurisdiction and the alternatives available to us in dealing with such an area, which we may refer to as a part of the commons of the world—that is, those areas beyond the jurisdiction of any nation state available for the use of all.

These commons are: first, the oceans, including the bottom of the oceans—that is the seabeds—beyond the limit of national jurisdiction; second, outer space, above the limits of national jurisdiction (wherever that may be); and third, Antarctica, although one must note that some states have still preserved their territorial claims to parts of Antarctica under the Antarctic Treaty regime which has made it possible to continue scientific activity in Antarctica without resolving disputes over the legal status of that territory. These common areas, particularly the oceans and outer space, have been referred to as the “common heritage of mankind,” but there is nothing magic in the name; it is their location beyond the jurisdiction of any nation that gives them their special characteristics.

There are, in my judgment, only two ways of treating these common areas for legal purposes: Either we can consider them available for national appropriation, like North and South America in the 15th to 18th centuries, and Africa in the 19th century, or we must consider them not available for national appropriation, like the high seas since at least the days of Hugo Grotius.

The United States, along with virtually all other states, has given consistent support to the second of these legal approaches during all the years since the end of the Second World War. We have done this, it is fair to say, because we were convinced that this was the better approach in our own interests and in the interests of world order and the avoidance of unnecessary conflict.

Difficulties in the use of the world's commons are likely to arise only when some states want to exploit some of the resources of these common areas. There has been exploitation of the living resources of the high seas for many years without major difficulty, although it has been found necessary to create a number of international organizations to coordinate conservation efforts such as the protection of marine mammals. Significant problems, however, arise wherever exclusivity of access to a particular site becomes necessary. By definition, an area beyond national jurisdiction is one to which no national authority can accord such exclusive rights. With respect to the resources of the seabeds, although in our view they are available, like fish, to all states on a first-come, first-served basis, as a practical, economic matter, that simply isn't

good enough for seabed miners. Miners the world over and their bankers require an exclusive right to an ore body before investing in the recovery and processing of the ore. It seems clear that considerations of this type would force the deferral of mining activities in these seabed areas until exclusive access to particular sites could be accorded. I think it is self-evident that where exclusivity of access is essential in areas beyond national jurisdiction it can only be conferred by international agreement among at least most of the interested states.

This fundamental point may have been somewhat obscured by the congressional debates of recent years on seabed mining legislation; and there may be some, particularly in the Congress, who really believe that the enactment of the legislation in June of this year will result, without more, in a rush of investment and the early exploitation of deep seabed resources. Certainly the enactment of the legislation gave an important psychological boost to the fledgling industry, and we are hopeful it will encourage the continuation of further necessary research and development efforts. But I have seen nothing to indicate that this legislation—even when supplemented by similar and reciprocal legislation by other states with the greatest present interest in seabed mining—would provide a sufficient legal framework to permit the industry to move forward quickly to commercial production. This is not to suggest that commercial recovery of deep seabed mineral resources will never occur if an international regime capable of granting exclusive licenses is not created. Never is a long time. But it does seem almost certain to me that the failure to create such an international regime would long delay seabed mining, perhaps by a quarter century or more. If there is a substantial risk that this judgment is correct, then there should be no doubt about the urgent need for an acceptable international legal regime for the exploitation of deep seabed minerals.

Seabeds and the “Package Deal”

Since 1970, a key part of the search for the “package deal” in the Seabed Committee and in the conference itself has been the terribly complex effort to create a new international organization—the International Seabed Authority—to regulate access to seabed mineral re-

sources and to provide the exclusive legal right that prospective miners need. In fact, this turned out to be the most elusive of the necessary elements of an acceptable "package deal." The vital freedoms of navigation and overflight in straits, exclusive economic zones, and archipelagic waters have been agreed for years. The final compromises on the nature and limits of coastal state jurisdiction over the resources of the 200-mile economic zone and the Continental Shelf and the control of marine pollution were hammered out sometime ago. However, only last summer were the last major issues settled with respect to the seabed mining regime. Only now is it possible to reach meaningful conclusions about the emerging seabed regime.

The time available today does not permit me to summarize all of the elements of the seabed regime as found in the new draft convention. I have decided to concentrate on those provisions dealing with access to seabed mineral resources—the provisions that tell the potential investor what steps he would have to take, and the provisions he must analyze to determine what risks he would run and what are the chances of something going wrong with his access.

There is one point I must emphasize at the outset of this summary. It is patently impossible to negotiate at a conference of some 150 countries and to include in a treaty all the detailed rules and regulations necessary to insure the proper functioning of the International Seabed Authority. The preparation of these rules, regulations, and procedures will be the task of a Preparatory Commission, to be established soon after the treaty is signed and to work full time for several years. Industry will have to be intimately involved in this process, and the work done by industry and the Department of Commerce during the coming year under our recently enacted Deep Seabed Hard Minerals Act should give us a great advantage in that Preparatory Commission. The rules developed there can be changed by the Authority later only if there is a consensus in the 36-nation Council. Any final judgments by the United States on the acceptability and viability of the treaty's mining regime must await these rules.

Assured Access

To be assured of access to the opportunity to engage in deep seabed mining, a prospective miner who has the necessary capital and know-how must be assured that the International Seabed Authority's contract approval process is fair, clear, and well-nigh automatic. The criteria spelled out in Annex III of the treaty satisfy this requirement. An applicant has only to be sponsored by a state party and to satisfy the financial and technical qualifications spelled out in the regulations. His plan of work must fulfill the specifications with respect to such matters as size of area, diligence requirements, and mining standards and practices, including those relevant to protection of the marine environment, that will also be set forth in the regulations. If these requirements are met, his plan of work *must* be approved; there is no discretionary basis for its rejection.

The determination that the applicant and his plan of work do in fact comply with these criteria is the job of the Legal and Technical Commission. The Commission will have 15 members elected to 5-year terms by a three-fourths vote of the 36-member Council from among candidates nominated by states parties who meet the "highest standard of competence and integrity with qualifications in relevant fields." The Commission is obligated to base its recommendations solely on the provisions of Annex III and to report fully to the Council. The majority required for decisions by the Commission is to be established in the rules, regulations, and procedures of the Authority, and I expect our representatives on the Preparatory Commission to insist that this must be no more than a simple majority.

Any plan of work which the Commission finds consistent with the requirements of Annex III will be deemed approved by the Council within a fixed time unless the Council decides—by consensus—to disapprove it. While we would have preferred the "deeming" device to apply regardless of the Commission's findings, the Conference—understandably, I think—felt that some organ of the Authority would have to attest to conformity with the applicable standards of Annex III. Doubtless this would also have been true of the simple licensing system originally advocated by the industrial countries. The automaticity of the system could only be

frustrated if three-fourths of the members of the Council make a conscious and determined effort to elect unsuitable Commission members who will ignore the requirements of the treaty.

The Production Ceiling

Although we were able to get agreement in Geneva that approval of a plan of work should no longer be tied to the availability of a nickel production allotment, the timing of access still depends on the authorization of production under the ceiling. Certainly from an economic point of view it makes no sense to limit arbitrarily production of a mineral from one source and not from others. There is no reason to believe that seabed resources will be cheaper to recover and refine than land-based resources—quite the opposite, at least during the first several decades in which the seabed minerals industry is developing. But even if they were cheaper, why shouldn't we let them take over markets from the more expensive competition? Consumers deserve a break; they seem to get few enough these days.

Unfortunately, however, we are trying to produce a universal treaty—one that will be accepted by virtually all coastal and maritime nations, and that large group includes a number of countries that produce either nickel, copper, cobalt, or manganese, and an additional number that think they might become producers in the not-too-distant future. Those countries must, if they are to accept the Law of the Sea Convention, be able to show that their producer interests are protected, at least for an interim period. Moreover, the interest of most developing countries as consumers is minimal, for they do not yet have the industry to be major consumers. Most developing countries tend to sympathize with and be protective of raw material producers, a tendency that has been encouraged artfully by Canada, the leading nickel producer. Thus, it has long been clear that there could not be a generally accepted Law of the Sea Convention that does not contain an interim production ceiling. As now formulated, the production ceiling is not likely to bar access for any qualified miner. The amount of permitted production is substantial, a "floor" has been added, and the constraint on seabed production is limited in duration.

Because the formula in the text is based on a projection forward of past trends, it is impossible to predict exactly what level of production will be allowed during the 15 years the limit will, in effect, apply. But on the basis of the Bureau of Mines' mid-range projection of the growth in nickel consumption during the balance of this century (3.4%) and the earliest practicable start-up date for commercial production (1988), the first group of miners to apply for production authorizations could produce annually an aggregate of about 200,000 tons of nickel. Thereafter, the limit for the industry as a whole would increase so that after 5 years, in 1992, 320,000 tons could be produced; after 10 years, 490,000 tons; and after 15 years, 590,000.

In fact, the 15-year trend line growth rate for nickel consumption is currently about 3.9%, and if that rate were extended into the future, the tonnage allowed to seabed mining would be considerably higher. If future growth should turn out to be lower than anticipated, the full effect of the drop would not be felt because of the "floor" provision in the formula. This substitutes a minimum 3% growth rate for any actual rate lower than 3%. Even if the growth rate fell as low as 2.2%, seabed miners could—if they thought they could make money in the kind of economic climate implied by such a discouraging trend—still supply up to 18% of the nickel market in the first year of production and up to 36% by the 15th year. Notwithstanding the share of production taken up by the Enterprise, acting alone or in joint ventures, there would still be sufficient tonnage under any reasonable set of assumptions to insure that private miners would get their authorizations when they need them. It is thus probable that market forces, not the production limitation formula, will determine how much nickel and, therefore, how much copper, cobalt, and manganese, will be produced by the first generation of seabed mining projects.

Seabed mining is a pioneering venture. So too is the effort of the world community to base the structure of a new international seabed regime on the proposition that the global commons are not subject to the jurisdiction of any state. It has been a difficult undertaking, the building of this structure,

Soviet Invasion of Afghanistan

PRESIDENT'S STATEMENT,
DEC. 24, 1980¹

One year has passed since the Soviet Union launched its brutal assault on its small, nonaligned neighbor, Afghanistan. On December 27, 1979, Soviet paratroopers seized key Afghan institutions in Kabul, including the Presidential Palace, where President Amin was then killed. The Soviets installed a puppet government under the nominal leadership of Babrak Karmal, who was in the Soviet Union at the time.

The tragedy that has continued to unfold in Afghanistan over the past 12 months weighs heavily on all Americans. We have watched the Soviet Armed Forces employ massive firepower and increasingly brutal tactics. We have seen the ranks of Afghan refugees fleeing devastation and political and religious oppression at home swell to more than 1.2 million in Pakistan alone. And amid this grim spectacle, we have been heartened to witness the brave resistance of the Afghan people, who have continued their struggle for independence and the right to determine their own political future.

The Soviet invasion of Afghanistan and attempted forceful occupation of that fiercely independent, nonaligned,

the most difficult I have ever been a part of. But the same pioneering spirit and the same confidence in the future that have brought seabed mining and the seabed mining regime so close to reality can also assure a harmonious relationship between the two. And we must not forget that the recovery of seabed mineral resources is not only important as a potential source of minerals; it is also the remaining linchpin in the whole Law of the Sea Convention—the last major item in the long sought "package deal." Given the

Muslim nation has had a profoundly negative impact on the international community. An overwhelming majority of member states of the United Nations demanded the immediate withdrawal of foreign troops from Afghanistan in a special General Assembly session in January 1980. An increased majority reiterated this demand following careful General Assembly consideration of the Afghanistan issue last month. The 40-member Islamic conference has been particularly forceful in condemning Soviet actions and in seeking an appropriate political solution. If the Soviet leaders expected that the world would avert its eyes and quickly forget their aggression in Afghanistan, they have been disappointed.

We urge the Soviet Union to respond to those nations urging withdrawal of Soviet military forces and inviting Soviet cooperation in the search for a political solution to the Afghan crisis. For our part, we have offered to join in the effort to find a political solution involving a Soviet withdrawal, and we repeat that offer today. The suffering of the Afghan people must be brought to an end.

The Afghan people and their struggle have not been forgotten and will not be forgotten by the rest of the world. We call on the Soviet Union to work with us and others in finding a way to bring peace to that tormented nation.

¹Text from Weekly Compilation of Presidential Documents of Dec. 29, 1980. ■

distance we have come and the interests at stake in the success of this vast undertaking, we cannot fail to finish the job. Pioneering ventures are difficult enough in a stable legal order. Without law—without this new comprehensive legal system for the oceans—seabed mining will be only one of the victims of the more chaotic and dangerous world that would result. This we cannot permit. ■

The United Nations and U.S. Policy

by Richard L. McCall

Address before the Harvard Model United Nations in Cambridge, Massachusetts, on December 4, 1980. Mr. McCall is Assistant Secretary for International Organization Affairs.

Pollsters have taken a pretty bad shellacking lately—they, therefore, may not be the most authoritative source to establish my basic premise for this discussion. The point is, however, that contrary to conventional wisdom, public perception does support the notion that there is room for the United Nations in American foreign policy. According to recent polls by Gallup and Roper, Americans by a two-to-one margin want to increase U.S. participation in the U.N. system.

Nonetheless, the consumers of conventional wisdom continue to purport that American public support for the United Nations is on the decline and, accordingly, we ought to be reducing our financial assistance to the U.N. family. In dollars and cents terms, these advocates of retrenchment have succeeded to a considerable extent. Thirty years ago, the United States contributed almost one-half (47.5%) of the United Nations' budget. Today, our share is only 25.6%, a little over \$1 billion, about \$4 for each American—less than what each of us spent to see the movie "Apocalypse Now."

Along with this less than adequate performance, outlays for programs, such as foreign aid, which are critical in creating a more harmonious international community, have also declined over time and in comparison with other countries. For example, in the past 15 years, the net U.S. official development assistance decreased from 0.49% of our GNP to 0.17%. In contrast, the total development assistance effort of other traditional aid-giving countries has increased five-fold during the same period.

Why the discrepancy between our professed beliefs and our willingness to provide adequate financial resources which would reinforce these beliefs?

There are probably lists of reasons for it, none of them fully explanatory but each of them sufficient to raise doubts. Perhaps in its genesis,

we have ascribed greater hopes to the United Nations than it could possibly fulfill in our lifetimes. Idealistic measuring sticks are bad bases for judgment.

The U.N.'s Record

Almost 30 years ago when the United Nations was created, it was seen as the great global instrument that would banish forever the scourge of war. Since then, there have been at least five major military conflicts on the average every year. As we celebrate the 35th anniversary of the United Nations' founding, a war is going on unabated between Iraq and Iran, violent conflicts continue in at least four areas in Africa, direct Soviet, or Soviet-backed, military interventions violate the sovereignty of three countries in Asia, and civil strife has taken 8,000 lives in El Salvador this year alone. Annually, the world spends over \$400 billion on armaments and as many as 35 countries (and even terrorist groups) could have nuclear weapons by the end of this century.

Thirty years ago nations pledged to adhere to the Universal Declaration of Human Rights. Today there are some 16 million refugees, one-fourth of this Earth's population is malnourished, and millions face starvation. Torture and imprisonment have remained convenient tools of governance irrespective of race, religion, or sex.

The United Nations has had a checkered history in the peaceful resolution of conflicts. It was either impotent to act, as in the cases of repeated Soviet aggression in Hungary, Czechoslovakia, and Afghanistan, or fearing impotency did not even get involved, as in the case of recent African wars. It has become bogged down in negotiations on the global economy, and its impact on global arms control is more exhortatory than real.

For a country that has placed so much faith in the imperatives of world order, that has spent so much effort and sacrificed so much for it—these are indeed legitimate causes for disappointment. It is not surprising then that the majority of Americans are critical of the United Nations—

53% according to the polls—for falling short of their hopes and expectations about resolving international problems.

Falling short, however, is not the same as failure. As we acknowledge shortcomings—serious shortcomings—let us also be mindful of certain facts and salient achievements.

The United Nations has become a truly universal organization. Its membership, tripling since its founding, now numbers 154 nations. Its budget has increased 16 times; its agenda has grown by leaps and bounds to encompass practically all aspects of international behavior. The General Assembly, which was once an annual affair, has become for all practical purposes—counting all the special and emergency sessions and full membership conferences—a year-round meeting. The Security Council, which had fallen into such disuse in the 1950s, meeting 5 or 10 times a year, now meets on the average of 100 times a year.

The United Nations has become the source of innovative measures to reduce international tensions. Peacekeeping forces—not even envisioned in the original charter—are in place in Cyprus and the Middle East. These forces have prevented local conflicts from festering into major wars and have been some of the United Nations' least heralded success stories.

The United Nations has had a steady, calming, and steering presence in the greatest transformation of the political geography of this Earth—aiding formerly colonized people to achieve independence without major conflicts and in a relatively orderly fashion.

The United Nations' purview over what constitutes threats to collective security has expanded to include global economic security. At the present, almost 90% of its resources are devoted to this task—to development, to environmental protection, to international trade, finance, investment, and to other measures of economic, social, cultural, and scientific cooperation. Through its specialized agencies and programs, the United Nations has increased concessional assistance to developing countries in the past decade

from less than \$500 million to over \$1.6 billion. Together with the multi-lateral development banks (such as the World Bank and the regional banks) it has been the channel for the growth of net flow of resources to the Third World from less than \$1 billion to \$4 billion annually in that same period.

The United Nations has had a pioneering role in setting standards and rules that make the life of all of us more secure, healthier and better—in international aviation; in communications; in the protection of the environment; in the husbandry of our resources in the deep seas and in outer space; in the promotion of health standards; and in the entire range of protection of civil, political, social, cultural, and economic rights.

The list is almost endless, and with such selective illustrations I have probably failed to mention some very important ones. There is little question that the United Nations has become the central forum for diplomatic initiatives of many small countries; that through its direct and joint oversight development efforts it has transformed formerly "basket case" countries into food sufficient states. It has been a major facilitator for American investment and export, and its networks of solidarity among labor groups gave birth to concrete measures to make life better for the workers. And perhaps more than any other international institution it has successfully promoted women's rights.

Such is not a record of failure. I do not, however, want to dwell too long on what the United Nations has done or failed to do in making my point about the challenges we must confront today and in the future. The United Nations will certainly remain an arena of conflict between East and West as it has also come center stage in the continuing dialogue between North and South. Yet it must also become a springboard for our collective efforts to address the common problems which this entire planet faces in the decades ahead. Permit me then to focus on the critical role of the United Nations in the context of the East-West rivalry, the North-South relationships, and in light of the prospects we hold for the future.

East-West Relations

The past year bore witness to portentous events in world affairs, events that have neither run their full course nor are they as yet fully predictable in their outcome. We see the flagrant violation of the most elementary norms of international diplomatic practice and decency in Tehran; the naked aggression against the people of Afghanistan, Kampuchea, and Laos; the unceasing armed conflicts in the Horn of Africa; war and renewed threats to peace in the Middle East; and the current crisis in Poland. Each of these events has posed and will continue to pose major obstacles in the path of reasoned relationships between the Soviet Union and the United States.

Each event in direct or in subtle ways affects or is affected by the state of relationships between the two giant nuclear powers. We need not be so Pollyannaish as to presume that global interests always coincide with ours, but we need not be so simple-minded, either, as to assert that every threat to our interest is automatically a net gain for the Soviets.

The recent Soviet globetrotting from Angola to Grenada does not exactly reveal great success for their brand of adventurism. Nor does the emergence of numerous and busy Russian advisers in the area, now called the arc of crisis, suggest the tip of the iceberg of some grand plan of world domination. It does, however, point to the Soviet propensity of opportunism: to take advantage of the opportunities created by the correlation of forces and to extend their sphere of influence.

In the coming years, I am sure, there will be a lot of rethinking and debate about the appropriate American foreign policy stance toward such Soviet behavior. One thing is, however, certain; we will either have to confront them at a point or place of their own choosing—once they are already on the move—or, alternately, work for a world order in which the correlation of forces does not favor them.

Which approach is more expensive, more risky, I leave to your imagination and common sense. Today we spend about 5% of our GNP on defense purposes and there are persuasive arguments to increase this to

7%. At the same time, we devote less than 0.05% of our GNP to the United Nations, and there are some who consider even this little amount to be too much. But the arguments about the appropriate level of defense spending is not my issue here. My point is that it is reasonable to assume that a stronger United Nations would be more capable of dealing with political upheavals and tensions.

In several recent instances, the United Nations has proven to be the preferred instrument with sufficient international support to lead the search for political solutions to international problems. In each case, this approach also closed the door on Soviet mischief.

- The United Nations provided the mechanism through which a peaceful resolution was found to the challenge of majority rule and independence for Zimbabwe.

- The Security Council resolutions laid the basis for the successful Camp David negotiations leading toward greater peace between Egypt and Israel.

- Continuing efforts for the peaceful settlement of disputes in southern Africa, specifically Namibia, could not go forward without the leading role of the United Nations.

I do not intend to suggest that the United Nations can always act as a great buffer against Soviet designs. Realism dictates that we accept the limits imposed on the United Nations' ability to act in every case. But I do suggest that the United Nations can have a tempering influence on Soviet behavior and can serve, as it has served in the past, as a forum of diplomatic initiative to avoid direct East-West confrontations.

North-South Dialogue

In 1945, the United States emerged indisputably as the most powerful and influential nation on Earth. We shaped the United Nations in our own image and likeness and provided for it the necessary economic muscle. Over time, we were the principal architect of the International Monetary Fund to insure monetary order and stability; of the World Bank to promote the reconstruction of Europe and economic growth all over the world; and of the General Agreement on Tariffs and Trade to stimulate world trade.

For a while these worked ideally. We commanded the primary influence because the United States accounted for 60% of the world's industrial production and 50% of its monetary reserves. But this is no longer the case. Only 30% of the world's industrial production and less than 7% of its monetary reserves are ours today. Western Europe and Japan have emerged as major and competitive economic powers. Cartels, such as the Organization of Petroleum Exporting Countries (OPEC), drastically rewrote the rules of global economy. And a new bloc of nations, the Third World, emerged demanding a fairer share and a greater voice in the world economy.

It is this new bloc, comprised of the developing countries, that commands majorities in the United Nations and demands attention to its own priority—a new international economic order. It wants systemic changes in the world monetary system, greater resource transfers from the industrialized countries, better access to technology, and a greater voice in international economic decision making.

The developing countries' demands do not always make economic sense, but there is a ring of justice in their call. After all, they comprise a substantial majority of the world's population but receive only 15% of the global income. Yet they are vitally important to the industrialized countries. The dependence of the North on the oil supplies from the South only dramatizes but does not complete the picture of how mutually dependent—indeed interdependent—we have become. And the dynamics of this interdependence also imply a condition of mutual vulnerability which begs for intensive search and drastic resolution of the outstanding differences.

The welfare, progress, and economic stability of these developing countries have become critically important to the West and to the United States. Our trade with the Third World surpasses that with Western Europe, Japan, and the Soviet Union. The United States sells one-third of its exports to developing nations, and they supply 42% of our imports. Approximately 1 million American jobs depend on U.S. exports to these countries, as does one quarter of our

agricultural productivity. We have more than \$40 billion in investment riding on the fortunes of the developing world.

This is why we press continuously, in a spirit of compromise, for agreement in the current round of global negotiations. And this is again why the United Nations has become an indispensable forum for the rich as well as the poor countries to fashion international institutions that are capable of responding to the growing global economic crises.

Global 2000 Report

This year saw the publication of two important studies dealing with our future. These studies, the Brandt Commission's *Programme for Survival*

U.S. Participation in the U.N., 1979

MESSAGE TO THE CONGRESS,
JAN. 7, 1981¹

I am pleased to transmit to the Congress this report of the activities of the United States Government in the United Nations and its affiliated agencies during calendar year 1979.

The international crisis created by the seizure of the American Embassy in Tehran and the taking of Americans hostage overshadowed much of the 34th General Assembly. In this atmosphere, the United States directed its efforts in the United Nations toward supporting the work of the Secretary General and the Security Council to resolve this breach of international law. The Secretary General brought the issue to the Council which unanimously called upon the Government of Iran to release the hostages. Ironically, after three years of negotiations, the Assembly adopted by consensus the Convention Against the Taking of Hostages. This Convention affirms that there is no valid excuse for the taking of hostages and that there are no circumstances under which the seizure of hostages can be condoned.

Both the Security Council and the General Assembly focused international attention on the continued military occupation of Kampuchea by Vietnam. Of particular note during 1979 was the Security Council's termination of sanctions against Southern Rhodesia, a result of the agreement by the Lancaster House Conference.

On economic issues, UN actions ranged from highly technical meetings such as those

and the *Global 2000 Report to the President of the United States*, are not for the faint-hearted. They both diagnose the current state of global economy and ecology as dismal. Their prognoses are identical—the worst is yet to come.

I could cite dozens of other studies. They all point to the same conclusion, and they all urge unprecedented global cooperation as the only way to avoid global catastrophe. Yet, I am struck by the fact of how the glaringly obvious has failed to penetrate our collective psyche, how oblivious we continue to remain in the face of the clear and present danger that world hunger and poverty present to our countries, to our economic prosperity, and to our freedoms.

We are hurtling toward a future world population of 2½ billion more

on commodities, to continuing the work of the International Monetary Fund and to political discussions in the General Assembly on the future of international economy and development.

These discussions, attended by almost all UN members, saw a continuous, intense, and sometimes acrimonious series of exchanges between the developed and developing countries on the organization of the international economic relations, and the effects of both on economic development. This resulted in the decision by the 34th General Assembly to hold further meetings on these issues. We believe that negotiations of this kind and at this level are important and necessary to relations between developed and developing countries. However, whether the U.S. participates in these global negotiations will depend on how effectively we use but do not intrude upon the agencies of the UN and other international organizations.

The United States continues to monitor closely UN expenditures and programs and supports the Secretary General's efforts to limit budget growth.

Our participation in the United Nations and its related agencies and programs is an integral part of our foreign policy. As this report makes clear, the United Nations system of organizations is important and sometimes indispensable to the achievement of many of our central foreign policy objectives. This report should contribute to American understanding of and support for the United Nations and to the continuing active and constructive role of the United States.

JIMMY CARTER

¹Text from Weekly Compilation of Presidential Documents of Jan. 12, 1981. ■

people than inhabit the Earth today, most of them destined to live in the poorest countries, with per capita incomes hovering at a level of abject poverty, with arable land running out, with forests receding, fresh waters disappearing, and deserts expanding.

Today, one-third of humanity exists in the absence of adequate shelter or food, ill and idle, with no glimpse of a better future and enraged by the injustice of it all. This creates a dangerous global climate—a climate where oceans of suffering breed hurricanes of hate, lashing out with destructive force not only where they are spawned but wherever they reach as well.

In this shrinking world of ours, distance no longer guarantees safety. The crises we face do not respect national boundaries or ideological frontiers. Let me select a few pertinent projections of the future.

- In the next 20 years there will be 2½ billion more people.
- The food deficit for the Third World alone will hover around 75 million metric tons by the year 1990, drawing down global food reserves and leading to worldwide competition for food and to a rapid rise of price levels.
- The search for alternative sources of food will cause drastic depletion of fishery resources.
- Increased fossil fuel consumption and the greater use of fluorocarbons for this growing population will correspondingly raise atmospheric carbon dioxide and will cause ozone depletion, both of which entail serious climatic changes—in turn affecting our ability to produce food.
- The inability of the developing countries to meet the growing demands—for food and energy alone—of their growing populations will deplete their foreign exchange reserves, raise their debts, in turn lead to defaults and global monetary instability.
- Growing scarcities as well as the growing demands of more and more people will place unacceptable strains on the stability of many developing countries, leading to frequent political upheavals threatening every nation's security.

In a world where billions are subjected to the degradation of poverty—abject poverty—the struggle for sur-

vival will become the paramount human endeavor. Abject poverty dehumanizes because it subjects life to the exigencies of mere existence. It is a condition in which people exhaust their energies at the grueling task of just being, with never a chance of becoming. It is a condition in which people squander their energies in the fight for mere physical survival, with their talents unchallenged, their human potential unfulfilled.

Where the basic human needs of food, health, and shelter remain the sole object of unfulfilled wants, no desire can emerge for liberty and no strength is left to protect rights. Where the struggle for liberation from daily necessities overwhelms the necessity for freedom, neither basic human needs nor human rights will ever be satisfied. And in a world where tyranny becomes the order of things, no nation, however prosperous and free, can long remain an island of virtue.

To confront these growing threats to global security, each nation, each government must do its share. None of the problems can be tackled by one country alone, and no country alone can long endure to carry the principal burden.

It is clear that the followup to the *Global 2000 Report* will require an extended program of cooperative interaction within the worldwide system of international organizations. The United Nations is the ideal focal point for strategists in formulating an agenda which could deflect projected ecological, economic, and social catastrophes in the coming millennium. The very nature of the entity that is the United Nations lends it to the creative long-range effort which could bring to fruition the massive economic development that the current world environment demands. Yet we can no longer attack problems in a piecemeal fashion.

It will not be enough merely to ask for increased funding from the world's financial institutions. We must evolve a precise strategy that will coalesce hardware with human resources, that points toward a convergence of intellectual and technological tools which concentrate our collective efforts in problem solving for both developed and developing nations.

The Challenges of Change

East and West, North and South, our present and our future—they are symbols of our concerns. Pitted against each other in dynamic tension, they reveal the promise and possibilities of change.

Will we control this change or will we permit events to control our lives? Can we allow the prognoses of the *Global 2000 Report* to come true? Can we resign ourselves to an unbridled East-West conflict and prepare to live in a world where the structures of global cooperation will have been replaced by the worst kind of international struggle for the survival of the unfittest? I need not posit the answer.

We Americans have never feared change. To the contrary, I sincerely feel that most of the change for the better that is taking place today has been prompted by our very presence in the world, our ideals, our ways, and our responses. We created the United Nations not to put the brakes on change but to design our future.

In a month or so, I will be leaving my post as Assistant Secretary of State in charge of U.N. affairs. I am proud to have been associated with an American foreign policy that has steadfastly supported the United Nations. To be sure we saw changes coming, yet we did not fear them. We understood the changes taking place in the United Nations, and we tried to steer them in a direction consistent with our values and beliefs. So as I leave office, I am confident that the seeds of our ideals that we planted with the United Nations 35 years ago will grow into a bountiful harvest—as long as we have the will and foresight to cultivate with care and compassion this fragile structure of global cooperation. ■

World Court Hears U.S. Argument on Transfer of WHO Regional Office

In the 33d World Health assembly, held in Geneva in May 1980, several Arab states introduced a proposal to transfer the World Health Organization's (WHO) Eastern Mediterranean Regional Office (EMRO) from Alexandria, Egypt, to Amman, Jordan. The reason given for the proposal was that most of the countries in the region had decided to break diplomatic relations with Egypt and did not wish to conduct their WHO business through the Alexandria office. The motive for the move was acknowledged to be political. The United States and many other countries opposed transfer as an improper and costly political interference in the highly successful workings of a technical and nonpolitical specialized agency.

Apart from the merits and demerits of moving the office, Egypt and the United States maintained during the assembly's discussion of the resolution to transfer the office that the WHO could not move EMRO from Egypt without regard to the 2-year notice provision in the WHO's host agreement with Egypt regarding the regional office. Some other states argued that this notice provision applied only to negotiations over a change in the privileges and immunities of WHO officials in Egypt and that it would not apply to a decision by the WHO to move the regional office.

In order to resolve this dispute, the United States introduced a resolution deferring any decision on removal of the regional office until the International Court of Justice (ICJ) could give an advisory opinion on the question of the applicability of the host agreement to removal of the office. On May 20, 1980, the World Health Assembly approved the U.S. resolution, which referred the following questions to the Court:

1. Are the negotiation and notice provisions of section 37 of the agreement of March 25, 1951, between the World Health Organization and Egypt applicable in the event that either party to the agreement wishes to have the regional office transferred from the territory of Egypt?

2. If so, what would be the legal responsibilities of both the World Health Organization and Egypt, with

regard to the regional office in Alexandria, during the 2-year period between notice and termination of the agreement?

The Court invited all states parties to its statute that also belonged to the WHO to submit written statements and to participate in oral argument. Written statements were filed by Bolivia, Jordan, the United Arab Emirates, Iraq, Kuwait, Egypt, Syria, and the United States. On October 21, 22, and 23, 1980, the Court met in The Hague to hear oral argument. Presentations were made by the United Arab Emirates, Tunisia, the United States, Syria, Egypt, and the World Health Organization.

Representing the United States in the case were Stephen M. Schwebel, Deputy Legal Adviser of the Department of State; Stephen R. Bond, Legal Adviser to the U.S. Mission to International Organizations, Geneva; Ralph Drury Martin, Attorney-Adviser, Department of State; and Lori FISLER Damrosch, Special Assistant to the Legal Adviser, Department of State.

Following are excerpts from the U.S. oral argument made to the Court by Mr. Schwebel.

1. The argument that the host agreement is not a headquarters agreement but merely an agreement on privileges and immunities.

... [L]et us consider what the significance is of the contention that the host agreement is no more than an agreement on privileges and immunities. It raises the complementary question of the significance of the contrasting contention of Egypt and the United States that the host agreement is a headquarters agreement. The distinction between a headquarters agreement and an agreement on privileges and immunities is not semantic. We are concerned with the fundamental question of the role and the content of the host agreement of 1951.

It is the contention of the United States that the host agreement of 1951 provides the full and comprehensive legal basis for the continuing presence and operation of the regional office in

Alexandria. This is not a situation in which the 1951 host agreement regulates an ancillary aspect of a preexisting and independent legal relationship. The function of the host agreement is to place on a proper and enduring legal footing the establishment, maintenance, and operation of the regional office. *Mutatis mutandis*, the host agreement is the particular international convention which, in the words of article 38 of the statute of this Court, establishes the "rules expressly recognized by the Contesting States." When we speak of the host agreement as a headquarters agreement, we use a kind of legal shorthand which expresses the essence of our argument. Similarly, when the states that seek a negative answer from the Court speak of an agreement on privileges and immunities, they use a kind of legal shorthand which expresses the essence of their argument.

Now, if the characterizations of the host agreement as an agreement on privileges and immunities were correct, there would have been no need for the host agreement. At the time the host agreement was signed, the Convention on the Privileges and Immunities of the Specialized Agencies of the United Nations was in force. Egypt was asked by the 2d World Health Assembly provisionally to apply it and apparently did, pending its accession [to the convention]. Moreover, the Organization and Egypt had already entered into a bilateral privileges and immunities agreement in connection with the Organization's provision of services in Egypt. That agreement was concluded on 25 August 1950. Thus if the *only* purpose of the 1951 host agreement was to regulate privileges and immunities, it would have been superfluous. . . .

The host agreement is undeniably concerned with privileges and immunities, but clearly it goes beyond that concern. The fact is that Egypt and the Organization decided, before the establishment of the regional office, to conclude an agreement governing its establishment and maintenance. That agreement is a headquarters agreement in form and content. To be sure, the host agreement of 1951 is not entitled "headquarters agreement." It does not expressly provide that the Organization's

regional office "shall be established and maintained in Alexandria." Nevertheless, it is clear that the parties, in concluding the host agreement, contemplated maintenance of a permanent seat of the Organization for and in its Eastern Mediterranean region. They did not have in mind a legal regime of privileges and immunities for officials of the Organization passing through or temporarily assigned to Egypt. The Organization and Egypt assumed, understood, and expressed their mutual accord that this seat would be physically located in Egypt, specifically in Alexandria.

Thus in the agreement the parties refer to "the Regional Office in Alexandria" (section 1, para. V), "the premises of the Organization in Egypt" (section 6), and "the seat of the Organization" (section 30). These are references to a physical location of the Eastern Mediterranean Regional Office at its Alexandria headquarters. They are references to a permanent location contained in an agreement of indefinite duration. Moreover, under the host agreement, the obligations of the parties embrace the establishment, operation, and maintenance of physical facilities in Alexandria. For example, section 30 provides for electricity, gas and water supply, refuse removal, and police protection. These are the earmarks of a headquarters agreement, not a privileges and immunities agreement. If this host agreement is compared with other headquarters agreements, their essential identity of content is manifest, as the written statements of the United States and Egypt demonstrate.

The intentions of the parties accordingly are clear from the terms of the agreement itself. But further evidence of the parties' intentions is abundantly available. The negotiating history of the agreement, including the development of the models on which it was based, suggest that there was never any doubt in the minds of the negotiators that a permanent headquarters regime was being established. . . .

2. The claim that the Alexandria office was established by an agreement other than and anterior to the 1951 host agreement.

. . . Where we differ with our distinguished colleagues from the United Arab Emirates and Kuwait is in this: We do not agree that the governing

headquarters agreement is anything else but the host agreement between the Organization and Egypt of 25 March 1951.

We cannot agree that the 1949 decision of the Executive Board of the Organization to locate EMRO in Alexandria and its acceptance by Egypt constitute the governing international headquarters agreement. If this be the governing international agreement, where is it to be found? It is not printed in the United Nations *Treaty Series* or in the publications of the World Health Organization. It has not been presented to the Court. There appears to be no written record of such an agreement anywhere, even in an exchange of letters between the Organization and the Egyptian Government. The terms of any such agreement are unknown. And most importantly for these proceedings and for this Court, this alleged agreement has not been registered with the Secretariat of the United Nations pursuant to Article 102 of the U.N. Charter. Consequently, it cannot be invoked before the Court by any party to it, nor presumably, by a third state on behalf of any such party.

It cannot be believed that any government would permit the indefinite establishment on its territory of a regional headquarters of an international organization on the basis of so simple a simplified agreement. Still less can it be believed that Egypt would so agree. The sensitivity of Egypt to several legal problems dealt with in the negotiations between Egypt and the Organization over the terms of the 1951 agreement demonstrates that Egypt was not prepared lightly to agree to the indefinite establishment and maintenance of an international organization on its territory. The parliamentary debates to which I have referred and their preoccupation with capitulations, as well as the history of the Alexandria Sanitary Bureau and its predecessors, graphically show that Egypt did not ever treat the emplacement of an international organization on its territory casually, as, for example, a matter to be dealt with in a summary resolution of an international organization to which Egypt would manifest unwritten consent.

On the contrary, beginning early in 1949, Egypt carefully considered the host agreement and meticulously negotiated it. And, for the reasons which I have earlier described, both Egypt and the Organization plainly

regarded the host agreement as the governing headquarters agreement for the Eastern Mediterranean Regional Office at Alexandria. . . .

. . . To be sure, the regional office was actually installed in 1949, before the host agreement came into force in 1951. But the fact that the host agreement was ratified in 1951 by no means proves that the host agreement is not the governing headquarters agreement. All it shows is that, in 1949, Egypt permitted the conversion of the long-established Alexandria Sanitary Bureau into the regional office of the World Health Organization in view of the continuing negotiation of a host agreement based on the existing model host agreement. That is to say, Egypt was prepared to agree to the selection of Alexandria as the site of the regional office for the Eastern Mediterranean area which the Executive Board had conditionally approved, and to integrate the functions of the Alexandria Sanitary Bureau into, and to transfer that bureau's files to the regional office upon the commencement of its operations.

But, both Egypt and the Organization well knew that the preliminary measure of agreement indicated by the Organization's resolution and Egypt's actions was reached in contemplation of the parties completing negotiations for a host agreement—as, in fact, they did. And when they concluded that host agreement, the preliminary understandings evidenced by the Executive Board's resolution and Egypt's acts were merged and integrated into the host agreement. That integration is definitive. It alone, in the terms of the host agreement, fully and adequately expresses the intention of the parties concerning the location and regulation of the seat of the regional office. The host agreement of 1951 is a complete and formal headquarters agreement which contains a denunciation clause. Accordingly, that clause rather than a nonexistent clause in a nonexistent agreement governs any disestablishment of the Alexandria office. . . .

3. The alleged legal effect of the breach of diplomatic relations with Egypt.

. . . [T]he political attitudes of some of the Organization's members can have no effect on the legal relationship entered into between the Organization and Egypt in the host agreement of 1951.

It has and will often be the case that the government acting as host to an international organization will not have diplomatic relations with some of the members of the organization. It is a commonplace that delegations of states members of the United Nations that do not enjoy diplomatic relations with the United States take part in U.N. meetings at its New York headquarters. Some of the very states that now argue against the applicability of section 37 chose to sever diplomatic relations with the United States in 1967 but never for a moment did they cease to send delegations to U.N. headquarters in New York.

Thus the severance of diplomatic relations among a few, or even many, of the members of an international organization cannot change the legal relationship between the host government and the organization. In fact, one of the principal purposes of a host agreement, such as that between Egypt and the World Health Organization, is to insure that the legal regime remains stable regardless of political winds affecting the character of intergovernmental relations.

There is no reason to believe that the Alexandria regional office cannot function in the absence of diplomatic relations between Egypt and most states of the region. And it is these states which have caused the very situation which they now invoke as a justification for removal of the office. If there be any problem, it is caused by their political decision to refrain from performance of their own obligation to the Organization, under article 50 of its constitution, to "supervise the activities of the regional office." But no legal or practical obstacle prevents them from sending delegations to Alexandria and performing that supervisory task.

There is no legal or practical obstacle to the regional committee meeting in Alexandria or, as it frequently has, at other cities in the region. Only the political objectives of these states, which are extraneous to those of the Organization, stand in their way. In fact, they have created this difficult situation for reasons unrelated to any limitations on their actual ability to operate in Alexandria, or to any purpose of the World Health Organization.

Moreover, it is established international law reflected in Article 63 of the Vienna Convention on the Law of Treaties that severance of diplomatic

relations does not affect treaty relations "except in so far as the existence of diplomatic or consular relations is indispensable for the application of the treaty." The absence of diplomatic relations between some states and a host government may make day-to-day dealing more cumbersome, but it can hardly be said that the existence of diplomatic relations is "indispensable" to the ongoing functioning of the Organization in the territory of the host.

Nor is a changed circumstance rationale for invalidating the agreement's notice provision applicable here. As our written statement establishes in some detail at pages 60 to 61, the doctrine of *rebus sic stantibus* has little relevance to treaties containing provision for termination upon relatively short notice, such as 2 years. The purpose of the doctrine is to provide an implied escape clause for treaties of indefinite or lengthy duration that do not otherwise establish a mechanism for revision or termination as circumstances change. Since section 37 of the 1951 host agreement is exactly such a mechanism, it must be followed if either party wants the office to relocate.

Furthermore, the doctrine of changed circumstances can only be invoked in the event of an unforeseeable change that "radically" transforms obligations under the treaty. For the reasons discussed in our written statement, these requirements cannot be established in the present case. As the Court well appreciates, the burden of establishing invalidity of a treaty obligation on these or any other grounds, must be on the party seeking to be excused from performance under the treaty. I respectfully suggest that it has not been established that the Organization can carry this burden. . . .

Summary of the argument in favor of the applicability of section 37.

I have concluded the presentation of the substantive sections of the submissions of the United States. I should now like to recapitulate in the most summary terms the essential elements of our position. . . .

First, the host agreement of 1951 between Egypt and the Organization is not solely a privileges and immunities agreement but is a typical headquarters agreement, imposing mutual obligations on the parties concerning the location, maintenance, and operation of a specific office in a specific place—that is, the

Eastern Mediterranean Regional Office of the World Health Organization in Alexandria.

Second, the host agreement is the only international instrument defining the obligations of the parties with respect to that regional office. The historical evidence submitted to the Court has shown that from the outset the Organization and Egypt viewed the host agreement as the definitive expression of the decision to locate the office in Egypt. It has shown that, although for reasons of convenience the office was actually installed before the host agreement was concluded, the parties intended to express their long-term rights and obligations in the host agreement and through the host agreement alone.

Third, the host agreement does not make sense if it is interpreted as my colleagues from Syria, Kuwait, Tunisia, the United Arab Emirates, Iraq, and Jordan would wish, because its terms would not be effective.

Article 31 of the Vienna Convention on the Law of Treaties codifies the fundamental principle of general international law that treaties shall be interpreted in good faith. This paramount principle embraces the principle of effectiveness, which the Vienna convention encompasses in the following magisterial formula: "A treaty shall be interpreted in good faith in accordance with the ordinary meaning to be given to the terms of the treaty in their context and in light of its object and purpose."

In deciding this case, this Court must choose between two conflicting interpretations of the host agreement between Egypt and the Organization. One of the those interpretations would allow the parties to terminate the effectiveness of virtually all provisions of the agreement without observing the notice requirement of section 37. The other would give full effect to that requirement. One interpretation would allow either party to disrupt any orderly transition during removal of the office; the other interpretation would require that a prescribed transition period remain in effect.

In such circumstances, the International Law Commission has forthrightly stated which is the choice to be made. "Where a treaty is open to two interpretations, one of which does and the other does not enable the treaty to have appropriate effects, good faith and

the object and purpose of the treaty demand that the former interpretation should be adopted."

It is incontestable that the object of the host agreement is the regional office in Alexandria. The purpose of this treaty is to set out the terms by which Egypt and the Organization agreed to establish, maintain, and regulate the Office.

Any interpretation of the agreement which would allow the object and purpose of the treaty to be vitiated without regard to the 2-year transition period specified by section 37 renders section 37 illusory. Since there is nothing in the language or history of the host agreement to suggest that the parties intended such a result, it must be presumed that they intended the contrary—that is, intended section 37 of the treaty to be effective.

It must be borne in mind that removal of a major regional office of a large international organization is not a minor matter. The cost of moving reaches the millions of dollars. Removal of the office would remove several additional millions from the economy of the host state. It simply does not make sense to conclude that the parties to the host agreement could have intended that the same language which provides for a 2-year notice period to deal with unresolved differences over privileges and immunities would simultaneously allow the object of the agreement to be removed, at a large cost, without notice at all.

International organizations and host states have generally undertaken, by agreement, to provide for the orderly disestablishment of any headquarters which is removed from a host state. The terms of the host agreement of 25 March 1951, its history, and the applicable principles of treaty interpretation all indicate that the host agreement of 25 March 1951 is such an agreement.

Finally, I would like to make one last point. It is important to note that interpreting this agreement as its language and history indicate that it should be interpreted—to apply to removal of the office—imposes no extraordinary burden on the parties to the agreement.

Simply as a practical matter, removal of an office is not something that can be successfully accomplished overnight. It took a year for the Orga-

nization's working group merely to study the question. It could easily take as long or longer for the actual move to be accomplished.

It is believed that the only legal obligations imposed by section 37 are those discussed in the written statement of the United States. Namely, the parties would have to keep the existing legal regime in effect for 2 years; they would have to negotiate in good faith for the gradual disestablishment of the office over the 2-year period. These are not onerous burdens. They are, in fact, probably nothing more than what would, as a practical matter, in any event be required in order to secure an orderly removal of the office. This fact apparently is recognized by our distinguished colleagues from the Syrian Arab Republic, whose written statement contains the following sentence concerning transfer of the regional office.

Of course, for reasons of expediency and convenience and once the decision to transfer the Office is taken, the provisions of the Agreement . . . can continue to be applied until a date to be agreed between the two parties for its termination. (p. 69.)

Where, it is submitted, this statement misses the mark is in its failure to

appreciate that the parties have already arranged for these provisions to continue until an agreed date, and that date is 2 years from the official notification of the decision to move the office. Why does it surprise our colleagues from Syria that Egypt and the Organization could have perceived in 1951, as Syria perceives in 1980, that when a regional office is moved, expediency and convenience require continuation of the existing legal regime for a period of time? It is not difficult to see that Egypt and the Organization assumed, in 1951, that it was in the interest of both to provide for binding legal obligations which would assure an orderly removal of the office, rather than to leave such an important matter to whatever goodwill the parties might summon in the midst of the tensions which undoubtedly surround any unilateral removal.

There is no question that an abrupt and arbitrary removal of the regional office from Egypt would work hardship on Egypt and, therefore, serve the political purpose of those states which press for removal. I submit, however, that it has been demonstrated to the Court that it was just this type of hardship—the precipitous removal of an office without time to prepare for cushioning its effects—that the Organi-

MR. SCHWEBEL ELECTED A JUDGE OF THE ICJ

On January 15, 1981, Stephen M. Schwebel, Deputy Legal Adviser of the Department of State, was elected a judge of the International Court of Justice by the U.N. General Assembly and Security Council. He succeeds the late Judge Richard R. Baxter.

Mr. Schwebel has served since 1977 as a member of the U.N. International Law Commission, the U.N.'s principal treaty drafting body on which the large majority of the Court's current judges sat prior to their election to the Court. At 51 years of age, he is the youngest U.S. national ever elected to the Court.

Mr. Schwebel has been U.S. counsel in two recent cases before the ICJ. He played a leading role in the U.S. decision to take the case of the American hostages in Iran to the Court and participated in the oral argument of it. In October 1980, he presented the U.S. argument to the Court in advisory proceedings brought by the World

Health Organization in response to efforts by anti-Camp David Arab states to require WHO peremptorily to remove its regional office from Alexandria, Egypt.

Deputy Legal Adviser of the State Department since 1974, Mr. Schwebel has also served as the Department's Counselor on International Law (1973-74) and Assistant Legal Adviser for United Nations Affairs (1961-66). He was Executive Director of the American Society of International Law (1967-73). Since 1967 he has been professor of international law at the School of Advanced International Studies of The Johns Hopkins University, serving as Edward B. Burling Professor of International Law and Organization since 1973. Mr. Schwebel was assistant professor of law at Harvard Law School (1959-61) and has been a visiting faculty member at Cambridge University, the Australian National University, and The Hague Academy of International Law. He is the author of two books and some 60 articles in the field of international law.

zation and Egypt agreed to avoid almost 30 years ago.

For all these reasons, the Government of the United States submits that the answer to the primary question put by the World Health Assembly to the Court must be in the affirmative. . . .

**WORLD COURT ISSUES
ADVISORY OPINION**

An advisory opinion issued December 20, 1980, in The Hague by the International Court of Justice was hailed by State Department Legal Adviser Roberts Owen as "a victory for the rule of law in the relations between states and international organizations."

The opinion holds that, should the World Health Organization decide to remove its eastern Mediterranean regional office from Alexandria, Egypt, the WHO and Egypt will be legally obliged "to consult together in good faith as to the question under what conditions and in accordance with what modalities a transfer of the regional office from Egypt may be effected." The Court held that the mutual obligations of the WHO and Egypt "place a duty upon the party which wishes to effect the transfer to give a reasonable period of notice to the other party for the termination of the existing situation. . . ."

Arab states opposed to the Camp David agreements have sought to ostracize Egypt by requiring international organizations with offices in Egypt to remove them. Attempts in the World Health Assembly to require removal of the WHO regional office from Alexandria have been frustrated, most lately by a resolution sponsored by the United States which requested the International Court of Justice to give an advisory opinion on the legal principles which would govern any such move.

Egypt and the United States, both of which oppose any move, argued to the Court that, should the WHO decide to remove the Alexandria office, 2 years' notice would have to be given under the Egyptian-WHO host agreement or that, in any event, reasonable notice would have to be given. The Court's opinion, by a vote of 12-1, sustains the latter argument. Only the member of the Court of Soviet na-

El Salvador

Following are a statement of December 12, 1980, on the special Presidential mission to El Salvador (December 6-9, 1980, and Department statements of January 14 and 17, 1981 on resumption of military assistance to El Salvador.

**DEPARTMENT STATEMENT,
DEC. 12, 1980**

William D. Rogers, former Under Secretary of State for Economic Affairs and Assistant Secretary of State under President Ford, and Assistant Secretary of State William G. Bowdler met with the President yesterday to report on their special mission to El Salvador. Today they are briefing members of the Congress on their mission. They are also submitting a confidential written report to the President.

During their December 6 through 9 stay in El Salvador, the special mission members held a series of meetings with Ambassador White and the Embassy staff, the governing Junta, and Archbishop, the Chief of Police, the special Salvadoran Investigating Commission, nuns from the same order as two of the murdered women, and others. They told those with whom they met that the murder of the four American churchwomen had shocked the conscience of the American people. They expressed our grave concern that the increased incidence of violence in El Salvador raised a fundamental question about the ability of the government to maintain a minimal degree of civil order. They urged prompt and effective action not only to apprehend and punish the murderers but also to control the violence and prevent such tragic incidents from recurring.

The special mission reported that, thus far, there was no direct evidence of who committed the crime. Especially because of circumstantial evidence of possible security force involvement in

tionality, Judge Platon Morosov, dissented.

Mr. Owen described the Court's opinion as "the second excellent decision which it has issued this year." He stated that it "more than satisfactorily upholds" the U.S. position and "demonstrates that international organizations, no less than states, must adhere to the rule of law in international relations." ■

the case, the mission urged the authorities of El Salvador to conduct a complete, thorough, and professional investigation of these murders so that these questions can be answered and those responsible be brought to justice.

The governing Junta requested that the mission communicate to the President, the government, and people of the United States El Salvador's profound regret with respect to the crime. They told our mission that the investigation would be pursued wherever it led, anywhere in the country, at any level.

To this end, the Junta has appointed an official four-man ad hoc investigating commission. The commission, which is actively pursuing its task, has requested our technical and professional investigative support. Several agents of the FBI are already in El Salvador providing technical assistance to the commission. We will continue to cooperate fully with this investigation.

Our special emissaries also discussed the desirability of permitting outside observers of the investigation. The commission has welcomed this. We expect that organizations such as the Inter-American Human Rights Commission will be able to play such a role. Our Embassy will also be closely monitoring the progress of the investigation.

We consider the appointment of the investigative commission, its efforts to date, its desire to have U.S. investigative experts assist in its work, and its willingness to permit outside observers to monitor the investigation as positive responses to our mission.

In the course of the mission's discussions with the governing Junta and others, it was pleased to note that there appears to be a consensus on the need to act quickly and effectively to investigate, thoroughly, the killings of our citizens, to gain greater control over the widespread violence, to undertake a reform and restructuring of the government and to make it more effective, to make the military high command more responsive to duly constituted authorities, to implement the reform program, and to open a dialogue with democratic leaders of the opposition to end the terrible internal conflict that is costing so many lives.

Negotiations are going on in El Salvador between the Christian Democrats and the military toward these ends. Statements by Salvadoran officials involved indicate that some significant restructuring of the government and shifts in military personnel are

anticipated. The United States is ready to resume its assistance to El Salvador upon such progress.

We will be following these developments and carefully assessing the way in which they improve the effectiveness of the government pursuing its reform program, in controlling violence, and in respecting human rights. Progress toward these objectives is essential to avoid further polarization, either to the extreme right or to the radical left.

DEPARTMENT STATEMENT JAN. 14, 1981¹

The Administration has decided to resume its Fiscal Year 1981 military assistance to El Salvador, which was temporarily suspended on December 5. Specifically, we will continue with our remaining \$420,000 international military education and training (IMET) program and proceed with implementation of our \$5 million foreign military sales (FMS) credit program. Within the FMS program we will proceed, immediately, with the sale of approximately \$2.3 million in nonlethal equipment. We will also proceed with the loan of two UN-1H (Huey) transport helicopters, financing related costs from the FMS credit. This helicopter loan program has been under consideration for several months.

When we announced resumption of our economic assistance to El Salvador on December 17, we stated that our military assistance would continue to be temporarily suspended. We indicated that we would be following developments in El Salvador with regard to certain areas of concern, especially continued progress in the investigation of the murders of the four American churchwomen.

The investigation of the murders by the Government of El Salvador's special investigation commission is proceeding. The commission has questioned many persons in El Salvador and developed some leads. Our FBI has furnished technical assistance to the commission and will, this week, deliver to the commission its assessment of the evidence obtained from the two autopsies performed in the United States and from the visit of FBI technicians to El Salvador. The Salvadoran Attorney General is proceeding with arrangements for autopsies on the two women buried in El Salvador. The Salvadoran Embassy in Ottawa is to interview the group of Canadian missionaries who talked with the women at the airport.

The Government of El Salvador has invited the Inter-American Human Rights Commission to observe the work of the investigating commission. We are supporting this invitation.

Our decisions regarding military assistance have also taken account of the current military situation in El Salvador. A major military offensive was conducted by the leftist guerrillas over the past weekend in which they demonstrated that they are better armed and constitute a military threat. Captured documents and weapons confirmed that the guerrillas have received a substantial supply of arms from abroad.

Although the government forces contained the guerrilla offensive, they expended considerable materiel and lost their last transport helicopter. As a result, their need for military assistance has become greater and more urgent.

Taking full account of the progress in areas of concern to us, especially the investigation of the murders of the four American churchwomen, and considering the overall military situation, the Administration has decided to resume its modest military assistance to El Salvador.

DEPARTMENT STATEMENT JAN. 17, 1981¹

For the past 15 months, we have assisted the moderate military/civilian Government of El Salvador in its efforts:

- To implement its agrarian reform and electoral program;
- To put a stop to the violence of right-wing terrorists; and
- To defeat the Marxist guerrillas.

We are encouraged that there has been progress in these areas.

To assist the government to implement the reforms which were so essential to give the underprivileged of El Salvador a greater stake in that society, we have provided approximately \$82 million of economic aid. We have also provided military aid, both as a means of encouraging progress in areas of common concern and of supporting such steps when they occur. We believe that continued progress with the agrarian reform and electoral program and a readiness to negotiate are just as important to the long-term success of the government in ending the violence and defeating the guerrillas as its military efforts.

On January 10, Marxist guerrillas launched a major offensive in El Salvador. Evidence emerging from this

offensive and intelligence reports confirmed that the guerrillas have obtained, from abroad, a substantial quantity of lethal weapons, including grenades, recoilless rifles, and mortars. The evidence also indicates that a number of countries are supporting the Marxist guerrillas and are continuing to supply them arms and ammunition. Up until this offensive, the United States provided limited military assistance to help meet the Salvadoran Government's legitimate defense needs. (This included \$5.7 million FMS credits and \$250,000 IMET in fiscal year 1980 and \$5 million FMS credits and \$500,000 IMET for fiscal year 1981.)

The Government of El Salvador is in control of the country despite repeated outbreaks of terrorism and scattered guerrilla attacks. However, in dealing with the current offensive, the Salvadoran armed forces have had to draw down their stocks to levels where replacement is essential of some of their equipment, especially, ammunition. The Salvadoran Government needs to offset increases in the guerrillas' firepower and to replace their own losses. The Government of El Salvador has, therefore, requested that we provide, on an emergency basis, the military items which they require. We are responding for essentially two reasons:

First, the government continues to take positive steps in the areas of mutual concern to our two nations—the investigations, implementation of the reforms, and improvement of the government's ability to deal with repression and terrorism.

Secondly, we must support the Salvadoran Government in its struggle against left-wing terrorism supported covertly with arms, ammunition, training, and political and military advice by Cuba and other Communist nations.

The United States is, therefore, providing \$5 million in equipment and services, including some urgently needed arms and ammunition, under Section 506A of the Foreign Assistance Act. We are also loaning the remaining 4 Huey transport helicopters, with related costs financed under the fiscal year 1981 FMS credit. We believe these supplies will be important in helping the government maintain control and continue the process of moderate reform.

¹ Read to news correspondents by Department spokesman John Trattner. ■

Current Actions

MULTILATERAL

Customs

Convention establishing a Customs Cooperation Council, with annex. Done at Brussels Dec. 15, 1950. Entered into force Nov. 4, 1952; for the U.S. Nov. 5, 1970. TIAS 7063. Accession deposited: Philippines, Oct. 1, 1980.

Health

Amendment to Article 74 of the Constitution of the World Health Organization, as amended. Adopted at Geneva May 18, 1978.¹ Acceptances deposited: U.S., Dec. 10, 1980; San Marino, Oct. 28, 1980; France, Oct. 6, 1980.

Judicial Procedure

Convention abolishing the requirement of legalisation for foreign public documents, with annex. Done at The Hague Oct. 5, 1961. Entered into force Jan. 24, 1965.² Accession deposited: U.S., Dec. 24, 1980.³

Load Lines

Amendments to the international convention on load lines, 1966 (TIAS 6331). Adopted at London Oct. 12, 1971.¹ Acceptance deposited: Australia, Nov. 10, 1980.

Amendments to the international convention on load lines, 1966 (TIAS 6331, 6629, 6720), relating to amendments to the convention. Adopted at London Nov. 12, 1975.¹ Acceptance deposited: Australia, Nov. 10, 1980.

Maritime Matters

Amendments to the convention of Mar. 6, 1948, as amended (TIAS 4044, 6285, 6490, 8606), on the Intergovernmental Maritime Consultative Organization. Adopted at London Nov. 14, 1975.¹ Acceptances deposited: Mexico, Dec. 19, 1980; Uruguay, Dec. 17, 1980.

Amendments to the convention of Mar. 6, 1948, as amended (TIAS 4044, 6285, 6490, 8606), on the Intergovernmental Maritime Consultative Organization. Adopted at London Nov. 17, 1977.¹ Acceptance deposited: Uruguay, Dec. 17, 1980.

Amendments to the convention of Mar. 6, 1948, as amended (TIAS 4044, 6285, 6490, 8606), on the Intergovernmental Maritime Consultative Organization. Adopted at London Nov. 15, 1979.¹ Acceptances deposited: New Zealand, Dec. 15, 1980; Poland, Nov. 20, 1980; Sweden, Nov. 25, 1980.

Patents—Plant Varieties

International convention for the protection of new varieties of plants of Dec. 2, 1961, as revised. Done at Geneva Oct. 23, 1978.¹ Ratification deposited: New Zealand, Nov. 3, 1980.

Acceptance deposited: U.S., Nov. 12, 1980.

Rubber

International natural rubber agreement, 1979. Done at Geneva Oct. 6, 1979. Entered into force provisionally Oct. 23, 1980.

Acceptance deposited: Papua New Guinea, Oct. 28, 1980.

Notification of provisional application: Italy, Nov. 17, 1980; Thailand, Nov. 21, 1980.

Accession deposited: Sri Lanka, Nov. 17, 1980.

Safety at Sea

International convention for the safety of life at sea, 1974, with annex. Done at London Nov. 1, 1974. Entered into force May 25, 1980. TIAS 9700.

Approval deposited: Czechoslovakia, Aug. 18, 1980.

Accession deposited: Colombia, Oct. 31, 1980.

Protocol of 1978 relating to the international convention for the safety of life at sea, 1974 (TIAS 9700). Done at London Feb. 17, 1978. Ratifications deposited: Liberia, Aug. 28, 1980; Yugoslavia, Oct. 31, 1980.

Accession deposited: Colombia, Oct. 31, 1980. Enters into force: May 1, 1981.

South Pacific Commission

Agreement establishing the South Pacific Commission. Signed at Canberra Feb. 6, 1947. Entered into force July 29, 1948. TIAS 2317, 2458, 2952, 5845, 8120.

Accessions deposited: Cook Islands, Oct. 14, 1980; Niue, Oct. 13, 1980.

Space

Agreement governing the activities of states on the Moon and other celestial bodies.

Adopted at New York Dec. 5, 1979.¹

Signature: Guatemala, Nov. 20, 1980.

Telecommunications

Partial revision of the radio regulations (Geneva, 1959), as revised, relating to the aeronautical mobile (R) service, with annexes and final protocol. Done at Geneva Mar. 5, 1978. Entered into force Sept. 1, 1979; for the U.S. Oct. 22, 1980.

Approval deposited: Republic of Korea, Sept. 22, 1980.

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 deposited: Burundi, Dec. 17, 1980.

International convention against the taking of hostages. Adopted at New York Dec. 17, 1979.¹

Ratification deposited: F.R.G., Dec. 15, 1980. Signatures: Israel, Nov. 19, 1980; Egypt, Netherlands, Norway, Dec. 18, 1980; Japan, Dec. 22, 1980.

Tonnage Measurement

International convention on tonnage measurement of ships, 1969, with annexes. Done at London June 23, 1969. Enters into force July 18, 1982.

Acceptance deposited: France, Oct. 31, 1980.⁴

Trade

International dairy arrangement. Done at Geneva Apr. 12, 1979. Entered into force Jan. 1, 1980. TIAS 9623.

Acceptance: Romania, Oct. 27, 1980.

Agreement of government procurement.

Done at Geneva Apr. 12, 1979. Entered into force Jan. 1, 1981.²

Acceptances deposited: Japan, Apr. 25, 1980; Norway, Oct. 24, 1980.

Ratification deposited: Finland, Oct. 24, 1980.

U.N. Industrial Development Organization

Constitution of the U.N. Industrial Development Organization, with annexes. Adopted at Vienna Apr. 8, 1979.¹

Ratification deposited: Nigeria, Dec. 19, 1980.

Signatures: U.S.S.R., Dec. 8, 1980; Byelorussian Soviet Socialist Republic, Dec. 10, 1980; Mongolia, Dec. 22, 1980.

Wheat

Food aid convention, 1980 (part of the international wheat agreement, 1971, as extended (TIAS 7144)). Done at Washington Mar. 11, 1980. Entered into force July 1, 1980.

Proclaimed by the President: Dec. 5, 1980.

Acceptance deposited: Japan, Nov. 26, 1980.

Protocol modifying and further extending the food aid convention (part of the international wheat agreement), 1971 (TIAS 7144). Done at Washington Apr. 25, 1979. Entered into force June 23, 1979, with respect to certain provisions, July 1, 1979, with respect to other provisions. TIAS 9878.

Proclaimed by the President: Dec. 5, 1980.

Accessions deposited: Netherlands, Dec. 9, 1980;⁵ Argentina, Dec. 11, 1980.

Protocol modifying and further extending the wheat trade convention (part of the international wheat agreement), 1971 (TIAS 7144). Done at Washington Apr. 25, 1979. Entered into force June 23, 1979, with respect to certain provisions. TIAS 9878. Proclaimed by the President: Dec. 5, 1980. Accessions deposited: Netherlands, Dec. 9, 1980;⁵ Argentina, Dec. 11, 1980.

Women

Convention on the elimination of all forms of discrimination against women. Adopted at New York Dec. 18, 1979.¹

Accession deposited: Cape Verde, Dec. 5, 1980.

Ratification deposited: Hungary, Dec. 22, 1980.

BILATERAL

Belgium

Agreement relating to air transport services, as amended (TIAS 1515, 8923, 9207). Signed at Brussels Apr. 5, 1946. Entered into force Apr. 5, 1946.

Terminated: Oct. 23, 1980.

Bulgaria

Program of cultural, educational, scientific and technological exchanges for 1981 and 1982, with final protocol. Signed at Washington Nov. 21, 1980. Entered into force Nov. 21, 1980; effective Jan. 1, 1981.

China

Agreement relating to investment guarantees, with related notes and statement. Effected by exchange of notes at Beijing Oct. 30, 1980. Entered into force Oct. 30, 1980.

Czechoslovakia

Agreement amending and extending the air transport agreement of Feb. 28, 1969, as amended and extended (TIAS 6644, 7356, 7881, 8868). Effected by exchange of notes at Prague May 12 and Nov. 7, 1980. Entered into force Nov. 7, 1980; effective Dec. 31, 1978.

Egypt

First amendment to the grant agreement of Aug. 26, 1978 (TIAS 9494), relating to housing and community upgrading for low income Egyptians. Signed at Cairo Sept. 28, 1980. Entered into force Sept. 28, 1980. TIAS 9872.

Project grant agreement, with annex, regarding university linkages. Signed at Cairo Sept. 28, 1980. Entered into force Sept. 28, 1980. TIAS 9875.

Agreement extending privileges and immunities to U.S. military personnel in Egypt in connection with joint Egyptian-U.S. Army and Air Force training exercises. Effected by exchange of notes at Cairo Nov. 3, and 5, 1980. Entered into force Nov. 5, 1980.

Finland

Memorandum of understanding for cooperation in energy research and development. Signed at Washington Nov. 6, 1980. Entered into force Nov. 6, 1980.

Germany, Federal Republic of

Convention for the avoidance of double taxation with respect to taxes on estates, inheritances and gifts. Signed at Bonn Dec. 3, 1980. Enters into force upon the exchange of instruments of ratification.

International Atomic Energy Agency

Agreement for the application of safeguards in the U.S., with protocol. Signed at Vienna Nov. 18, 1977.

Entered into force: Dec. 9, 1980.

Mexico

Agreement amending the agreement of Feb. 26, 1979 (TIAS 9419), as amended, relating to trade in cotton, wool, and manmade fiber, textiles and textile products. Effected by exchange of letters at Washington Nov. 13 and 17 and Dec. 11, 1980. Entered into force Dec. 11, 1980.

Agreement amending the agreement of June 2, 1977 (TIAS 8952), relating to additional cooperative arrangements to curb the illegal traffic in narcotics. Effected by exchange of letters at Mexico Nov. 6, 1980. Entered into force Nov. 6, 1980.

New Zealand

Agreement amending the air transport agreement of June 24, 1964 (TIAS 5605), with exchange of letters. Effected by exchange of notes at Wellington Nov. 25, 1980. Entered into force Nov. 25, 1980.

Romania

Agreement relating to trade in wool and manmade fiber, textiles and textile products. Effected by exchange of notes at Washington Sept. 3 and Nov. 3, 1980. Entered into force Nov. 3, 1980; effective Apr. 1, 1981.

Agreement amending and extending the agreement of June 17, 1977, as amended (TIAS 8833, 8924, 9167, 9211, 9646, 9796), relating to trade in wool and manmade fiber textiles. Effected by exchange of notes at Bucharest July 22 and Oct. 31, 1980. Entered into force Oct. 31, 1980.

Switzerland

Agreement amending the memorandum of understanding of July 2 and 9, 1975 (TIAS 9032) concerning the purchase of F-5E and F-5F aircraft by Switzerland. Signed at Washington and Bern Oct. 7 and 29, 1980. Entered into force Oct. 29, 1980.

Agreement establishing rights, privileges, and immunities of the delegation to the negotiations concerning theater nuclear forces (TNF). Effected by exchange of letters at Bern Oct. 17, 1980. Entered into force Oct. 17, 1980.

Turkey

Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed or insured by the U.S. Government and its agencies, with agreed minute and annexes. Signed at Ankara Oct. 24, 1980. Entered into force Nov. 24, 1980.

Treaty on the enforcement of penal judgments. Signed at Ankara June 7, 1979. Entered into force Jan. 1, 1981.
Instruments of ratification exchanged: Dec. 2, 1980.

Treaty on extradition and mutual assistance in criminal matters. Signed at Ankara June 7, 1979. Entered into force Jan. 1, 1981.
Instruments of ratification exchanged: Dec. 2, 1980.

Extradition treaty. Signed at Lausanne Aug. 6, 1923. Entered into force Aug. 18, 1934. 49 Stat. 2692.

Terminated: Jan. 1, 1981.

Agreement for cooperation on defense and economy in accordance with articles II and III of the North Atlantic Treaty, with related note. Supplementary agreement number 1 on defense support; supplementary agreement number 2 on defense industrial cooperation; supplementary agreement number 3 on installations, with implementing agreements (annexes). Signed at Ankara Mar. 29, 1980.
Entered into force: Definitively, Nov. 18, 1980.

United Kingdom

Agreement amending the agreement of July 23, 1977, as amended (TIAS 8641, 8965, 9722), concerning air services. Effected by exchange of notes at Washington Dec. 4, 1980. Entered into force Dec. 4, 1980; effective Apr. 1, 1980, except that annex 5 is effective Jan. 1, 1980.

Venezuela

Maritime boundary treaty. Signed at Caracas Mar. 28, 1978.

Ratifications exchanged: Washington Nov. 24, 1980.

Entered into force: Nov. 24, 1980.

Yugoslavia

Agreement amending the agreement of Oct. 26 and 27, 1978 (TIAS 9447), concerning the trade in men's and boys' wool and manmade fiber suits. Effected by exchange of notes at Belgrade July 15 and Sept. 12, 1980. Enters into force after approval by the competent authorities of both parties.

Zaire

Agreement amending the agreement for sales of agricultural commodities of May 30, 1980. Effected by exchange of notes at Kinshasa Oct. 10 and 31, 1980. Entered into force Oct. 31, 1980.

¹ Not in force.

² Not in force for the U.S.

³ With a statement.

⁴ With reservation.

⁵ Applicable to the Kingdom in Europe. ■

December 1980

Events pertaining to Iran may be found on pages 5 and 9.

December 3

Secretary Muskie transmits ninth semi-annual report on Implementation of the Helsinki Final Act covering the period June 1 through November 30, 1980, to Chairman Dante Fascell of the Commission on Security and Cooperation in Europe (CSCE).

December 5

Pending clarification of the role of Salvadoran security forces in the killing of three U.S. nuns, U.S. suspends new military and economic aid to El Salvador.

A factfinding mission, led by William D. Rogers, former Assistant Secretary for Inter-American Affairs, departs for El Salvador to investigate the killings.

December 9

U.S.-International Atomic Energy Agency (IAEA) treaty permitting IAEA to safeguard civil nuclear facilities in the U.S. enters into force.

Secretary Muskie departs for Brussels for NATO ministerial meeting (Dec. 11-12) and departs for London on Dec. 12 for talks with senior British officials Dec. 12-14.

December 11

The following newly appointed Ambassadors presented their credentials to President Carter: Jorge Mario Eastman of Colombia; Col. Federico Edmundo Poujol of Honduras; Dr. Moteane John Melamu of Botswana; Fernando SCHWALB Lopez Aldana of Peru; and Kubulan Los of Papua New Guinea.

Semiannual NATO ministerial meeting held in Brussels Dec. 11-12.

December 17

U.S. and Israel reach final settlement on U.S.S. *Liberty* claim.

December 18

Former Soviet Prime Minister Aleksei N. Kosygin dies.

December 19

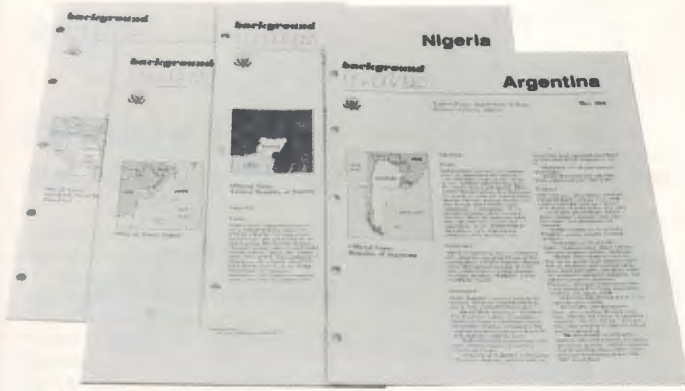
U.N. Security Council unanimously votes to call upon Israel to adhere to the provisions of the Geneva convention in its conduct in territories occupied in 1967 and to allow the expelled West Bank officials to return to their homes. ■

Department of State

Press releases may be obtained from the Office of Press Relations, Department of State, Washington, D.C. 20520.

No.	Date	Subject
*332	12/1	Shipping Coordinating Committee (SCC), Subcommittee on Safety of Life at Sea (SOLAS) working group on safety of navigation, Dec. 17.
333	12/4	Muskie: address before London lecture series, Kansas State University, Manhattan, Kan.
*333A	12/8	Muskie: question-and-answer session following Kansas address.
334	12/4	Muskie: address before African-American Historical and Cultural Society's 25th Anniversary, San Francisco.
*335	12/4	Muskie: remarks to Overseas Writers Club, Dec. 3.
336	12/5	Muskie: address before University of Southern California's Conference on World Hunger and Refugees, Los Angeles.
*336A	12/9	Muskie: question-and-answer session following Los Angeles address.
337	12/5	Muskie: address and question-and-answer session at student union, Kansas State University, Manhattan, Dec. 4.
*338	12/8	U.S.-U.K. air agreement expanded, Dec. 4.
*339	12/9	Muskie: news conference at Davidson Conference Center, University of Southern California, Los Angeles, Dec. 5.
*340	12/10	Muskie: interview with European correspondents at ICA, Dec. 9.
*341	12/11	SCC, subcommittee on ocean dumping, Jan. 14.
*342	12/11	Muskie: remarks with reporters, Brussels, Dec. 10.
*343	12/12	Muskie: remarks to reporters, Brussels, Dec. 11.
*344	12/15	Muskie: remarks at the conclusion of the North Atlantic Council Meeting, Brussels, Dec. 12.
*345	12/15	U.S. Organization for the International Radio Consultative Committee (CCIR), study group 5, Jan. 15.
*346	12/15	CCIR, study group 6, Jan. 16.
*347	12/15	U.S., Yugoslavia amend textile agreement, July 15 and Sept. 12.
348	12/16	Final communique, North Atlantic Council, Dec. 11-12.
*349	12/17	Muskie: interview for BBC radio, London, Dec. 13.
*350	12/17	Muskie: interview on NBC-TV's "Today Show."
351	12/19	U.S., Canada joint statement on the technical meeting on dioxin.
352	12/22	Muskie: interview on NBC-TV's "Meet the Press," Dec. 21.
*353	12/22	Dept. of State celebrates its 200th anniversary.
*354	12/24	Muskie: statement on ABC-TV's "Good Morning America."
355	12/24	U.S. examines Canadian air pollution legislation [Not issued.]
*356		
*357	12/31	Advisory Committee on Oceans and International Environmental and Scientific Affairs—Antarctic section (partially closed meeting).
*358	12/31	Henry L. Kimelman sworn in as Ambassador to Haiti (biographic data).
*359	12/31	SCC, SOLAS, working group on radiocommunications, Jan. 15.
*360	12/31	Advisory Committee on International Investment, Technology, and Development, working group on preparations for the U.N. Conference on New and Renewable Sources of Energy (UNCNRSE), Jan. 14.
*361	12/31	Advisory Committee on International Investment, Technology, and Development, working group on international data flows, Jan. 18.
*362	12/31	CCIR, study group 9, Jan. 15.
*363	12/31	Jack Robert Binns sworn in as Ambassador to Honduras (biographic data).
*364	12/31	Harry W. Shlaudeman sworn in as Ambassador to Argentina (biographic data).
*365	12/31	Edwin Gharst Corr sworn in as Ambassador to Peru (biographic data).

*Not printed in the BULLETIN. ■



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