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PRESS

DEPARTMENT OF STATE

December 4, 1984
NO. 256



FOR RELEASE 6:00 P.M., E.S.T., THURSDAY, DECEMBER 6, 1984
NOT TO BE PREVIOUSLY PUBLISHED, QUOTED FROM, OR USED IN ANY WAY
FOREIGN RELATIONS OF THE UNITED STATES

1952-1954

VOLUME II: NATIONAL SECURITY AFFAIRS (IN TWO PARTS)

The Department of State today released Foreign Relations of the United States, 1952-1954, Volume II, National Security Affairs. The volume presents almost 2000 pages of previously highly-classified and unpublished documents on national security strategy and programs, atomic energy, regulation of armaments, and international information policy.

The early 1950's were the deepest part of the Cold War. American Presidents and policymakers struggled to develop national policies that would enhance security while reducing the risks of war. The defense buildup initiated by NSC 68 and the outbreak of the Korean war in 1950 was continued. The Truman administration by 1952 shifted emphasis away from short term danger to overcoming the threat to the national security for the long haul. The Eisenhower administration sought a preparedness program that would provide security without ruining the domestic economy. The Eisenhower administration undertook a detailed reexamination of strategic options resulting in the decision by the end of 1953 to continue a containment policy, but to rely on a lean defense posture favoring strategic weapons.

The volume also records the continuing efforts of the United States to find international control machinery for atomic energy and to reach agreements with the Soviet Union to reduce the growing stockpiles of atomic weapons. The volume also contains material on diplomatic aspects of the first U.S. hydrogen bomb test in 1952, efforts to obtain raw materials, peaceful domestic atomic energy development, consideration of test ban proposals, and cooperation in the field of arms control with the United Kingdom and other allies.

In addition, this volume also documents the U.S. campaign to take the offensive in information aspects of the Cold War from the establishment of the International Information Administration in the Department of State to the creation of an independent United States Information Agency in 1953.

Foreign Relations, 1952-1954, Volume II, National Security Affairs, was prepared in the Office of the Historian, Bureau of Public Affairs, Department of State. Copies of Volume II (Department of State Publication Nos. 9391 and 9392; GPO Stock No. 044-000-02025-4) may be purchased for \$28.00 (Domestic postpaid) from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Checks or money orders should be made out to the Superintendent of Documents. The Foreign Relations series has been published continuously since 1861 as the official record of United States foreign policy. The volume released today, which is published in two parts, is the tenth of sixteen covering the years 1952-1954.

The Office of the Historian has prepared a brief summary of the volume.

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PRESS DEPARTMENT OF STATE



December 4, 1984
NO. 257

PRIVATE SECTOR ADVISORY GROUP TO ADDRESS THIRD WORLD HUNGER PROBLEMS

The State Department announces today the formation of a Subcommittee on Food and Agriculture under the Department's Advisory Committee on Investment, Technology and Development. The aim of the Subcommittee will be to permit business leaders to share information on third world hunger problems and to address these concerns in a cooperative manner. Carol Brookins, President of World Perspectives, Inc. will chair the subcommittee. World Perspectives is a Washington-based news analysis service directed to international commodity, financial and government subscribers. Ms. Brookins founded World Perspectives after seven years as a Vice President in the Commodity Department of E.F. Hutton.

The Subcommittee's parent body, the Advisory Committee on Investment, Technology and Development will meet Dec. 7 and will formally initiate the new Subcommittee at that time. The Subcommittee is expected to meet soon thereafter.

PRESS DEPARTMENT OF STATE



December 6, 1984
NO. 258

AS PREPARED FOR DELIVERY

"DEMOCRACY AND THE PATH TO ECONOMIC GROWTH"

REMARKS BY
THE HONORABLE GEORGE P. SHULTZ
TO THE
EIGHTH ANNUAL CONFERENCE
ON
TRADE, INVESTMENT, AND DEVELOPMENT
IN THE CARIBBEAN BASIN
MIAMI, FLORIDA
DECEMBER 6, 1984

For further information contact:

Freedom and economic development go hand in hand. This does not happen automatically. But every one of us in this room -- government leaders or business men or women -- has an interest in making the connection and having it stick. This is what U.S. policy in Latin America and the Caribbean is all about. Our support for democracy complements our support for economic development and free markets -- and vice versa. Together with the security needed for their protection, they form a single package of mutually reinforcing activities.

The reaffirmation of democracy in the Caribbean and its expansion in Latin America over the last five years is due partly to the economic failures of the enemies of democracy. People want growth. They want prosperity. When they don't get them, they begin to lose confidence in their governments and in the institutions that put them into power. The old dictators failed to make the grade: order loses its attractions when it fails to deliver either peace or prosperity. Meanwhile, the new totalitarians in Cuba, in Nicaragua and until a year ago in Grenada have done even worse: They have spread both violence and the insecurities of their failures beyond their own borders.

Democracies, however, are also under internal pressure to produce. To sustain the democratic trend, governments and private sectors must now work together to achieve self-sustaining economic growth. Improving the ability of national economies to compete in the world market and to earn foreign exchange can increase the strength of freedom in each of our countries.

What are our prospects?

Prospects for Growth

I would like to consider first the hemisphere as a whole, then turn to the Caribbean Basin more specifically.

For twenty years, the developing nations of this hemisphere grew at extraordinary rates. Many were even beginning to reduce their per capita income gap with the industrialized world. Between 1960 and 1980, Latin American and Caribbean economies grew in real terms by an average of more than six percent a year -- more than double the rate of population growth.

Then, from 1981 to 1983, the region's Gross Domestic Product declined. In per capita terms, the decline averaged about 4 percent per year. 1983's decline, 5.7 percent, was the region's worst performance in half a century and sent average per capita GDP back to its 1976 level. Though there are signs of some GDP growth this year, it will still be negative in per capita terms.

What fueled the region's growth in the 1960s and 1970s? What can we do to restore it?

The primary impetus came from post-war liberalization and expansion of the world trade and financial system. The opening of markets in the industrial nations, the expansion of private international capital flows, and vigorous two-way merchandise trade all provided unprecedented opportunities for diversification, modernization, and growth. For most of this period, domestic savings provided the greater part of total investment.

Foreign assistance was also important in stimulating growth in the 1960's. The Inter-American Development Bank, created in 1959, and the Alliance for Progress were major sources of help. Official assistance accounted for 40 per cent of net capital inflows to the region. Foreign direct investment provided another 40 per cent. Commercial loans were not a major factor.

During the second half of the 1970s, in contrast, external private bank financing became the major source of capital for development. The oil price shock of 1973, and resultant OPEC surplus, left banks with cash to lend, and developing countries with desperate needs to borrow to cover the oil-import bill. And borrow they did. External debt grew from about \$75 billion in 1974 to an estimated \$336 billion in 1983. Total debt soared by almost 20 percent per year.

Today it is clear that external borrowing can no longer play the primary role. The Inter-American Development Bank estimates that net capital inflows of some \$47 billion per year would be required to sustain 5 percent average annual growth under the most realistic set of circumstances. And there simply aren't enough funds in the financial system to support lending of this magnitude. Even if there were, the level of debt service would be unupportable. The region's external debt would rise to about \$620 billion at the end of 1989 -- an increase of some 82 percent.

What about foreign assistance? Will it regain the predominant role it once played in fostering development?

The United States is increasing bilateral aid to the Caribbean Basin. We are committed to the assistance levels called for by the National Bipartisan Commission on Central America, and we have steadily increased aid to the island nations of the Caribbean. Other governments and international organizations share this interest. But while official assistance flows will help, they will not be large enough to produce a sustainable economic turn-around.

In the final analysis, the private sector is the crucial link. Only private initiative can marshal the additional resources -- financial and entrepreneurial -- to take full advantage of the opportunities that the region offers. But, as we are all uncomfortably aware, private resources, domestic or foreign, have not been sufficiently forthcoming. This is the heart of the matter. If we agree that this great resource must be tapped, then we have a responsibility to do what is necessary to make that happen.

I am calling here for the reversal of state ownership and anti-import policies. These policies have placed stifling controls on private agriculture and industry. They have made them dependent on restricted markets. They have built costly protectionist barriers at national frontiers. And they have produced inefficient state enterprises that divert resources from more productive activities.

I call instead for a development strategy that works through an open economy, one that rewards initiative, investment, and thrift. I call for a strategy with four key elements:

-- First, growth should be based primarily on domestic savings and investment. This obviously requires the retention of domestic capital at home. When people are rewarded for thrift, capital becomes available for investment. When they are rewarded for entrepreneurship, they respond with productivity and innovation.

- Second, foreign and domestic investment should receive equally fair treatment. Foreign investment can bring more than money. It offers technology, training, management skills, and marketing links. And foreign investment, unlike foreign debt, is serviced by profits, not interest. In good times, a buoyant economy can afford profit remittances. In bad times, remittances fall or cease. But debt must be serviced in bad times as well as good.

- Third, foreign resources should be used to supplement domestic savings, not to supplant them. Too strong a reliance on foreign assistance or foreign capital can foster dependence and undermine productivity.

- Fourth, trade must be the engine of development. Domestic economies that are open to international competition can raise their national standards of living.

The strategy I recommend is based on a simple, but immensely powerful principle: A system that releases the productive force of individuals and their privately financed organizations -- and rewards their industry and creativity -- is a system that grows and prospers.

The Caribbean Basin Initiative

The Caribbean Basin Initiative addresses these issues, in our immediate neighborhood, in a way that is both visionary and practical.

The economies of the island nations of the Caribbean and those of the Central American isthmus have suffered even more pronounced ups and downs than the rest of the hemisphere. During the 1960s and 1970s, real growth in the Caribbean Basin was close to seven per cent per year. Then from 1981 to 1983, GDP per capita in the major Caribbean Basin countries declined by some seven per cent per year on average. There was marginally positive growth in the Dominican Republic, Panama, and Jamaica, but serious per capita declines in Costa Rica, El Salvador, Guatemala, and Honduras. Per capita GDP also declined in other countries, such as Barbados, Trinidad and Tobago, and Haiti. In some countries, per capita GDP levels retreated to the levels of the early 1970s.

The Caribbean Basin must also overcome a series of additional problems:

First, most individual Caribbean Basin countries are too small to achieve economies of scale. Even taken together, the 20 CBI-designated countries had a combined GDP of only \$46 billion in 1982.

Second, geography creates a vicious economic circle: It is expensive to ship from the Caribbean because the cargo lots tend to be small. Higher transport costs reduce demand, keeping the cargo lots small. The result is that it can cost more to ship a cargo from Barbados to Miami than from Hong Kong to New York.

Third, the entire area suffers from a serious lack of infrastructure -- not only roads and power systems, but also schools, hospitals, and housing.

Competition from other suppliers is another key problem. The Far East and Mexico, for example, offer good locations for export industries based on assembly operations. The United States, Japan, and some other Latin American countries all offer attractive investment opportunities.

Societies with stagnant or shrinking economies are vulnerable to violent upheavals. Security cooperation can help shield against communist adventurism. But there must be something there to shield.

When President Reagan first proposed the CBI three years ago, he had in mind more than a partnership between the U.S. and the Caribbean Basin to promote trade and investment. His was a broader vision of a peaceful and prosperous Caribbean in which people could realize their aspirations and build better societies for themselves and for their children.

The President understood the inadequacy of a short-term program -- with this year's panacea replaced by next year's. That would not represent the practical confidence-building support that our neighbors need and want from the United States. That is why he designed the far-reaching trade provisions of the CBI to last for 12 years. The commitment is unprecedented in U.S. trade policy: One-way free trade opportunities will be open to CBI beneficiaries long enough to make a difference.

From the U.S. point of view, the CBI's underlying premise is that the Caribbean Basin is vital to our security and to our social and economic well-being. It is, indeed, our third border. Economic, social, and political events in the Basin have a direct and significant impact in the United States.

For our own self-interest, the United States must be a good neighbors. We must do all we reasonably can to help the countries of the Caribbean Basin build stable, prosperous, and decent democratic societies. This means we must all deal realistically with the economic situation that confronts us.

The CBI takes on the hard economic realities of this decade. When we in government were consulting with our Caribbean neighbors and private sector representatives to put together this initiative, we all agreed that investment -- domestic and foreign -- is the key to recovery and continuing growth in the 1980's.

The Initiative's duty-free entry into the U.S. market for all but a few categories of exports from the twenty countries that have thus far been designated gives the region a competitive edge and stimulates both domestic and foreign investment. In turn, such investment can generate employment and diversify the productive base of each beneficiary's economy.

In addition to duty-free trade, we are providing development assistance to help build the physical infrastructure and to develop the entrepreneurial and managerial talent needed for dynamic investment and trade. The U.S. is committed to substantial economic assistance to the region, bilaterally and in cooperation with international financial institutions and other country donors.

The CBI recognizes that no one in today's world can go it alone. A genuinely multilateral effort will multiply the chances for success. Our common interests call for solidifying the region's political and economic relations with the world's democratic community.

Progress under the CBI To Date

The free trade provision of the Initiative has been in effect 11 months. That is certainly not long enough to judge a 12-year program. We should also be careful not to attribute all progress to the CBI, for much of the good news can be attributed to the strength of the U.S. economic recovery itself. But several of the early indicators are promising.

US imports from most Caribbean Basin countries have been growing rapidly. Comparing the first eight months of 1984 to the same period in 1983, we find that US non-oil imports from the CBI countries increased by almost 34 per cent. That is a better performance than the average for all US imports. And there are several countries whose exports to us experienced truly spectacular growth -- Barbados up 78 percent, Belize up 91, Grenada 114, and Jamaica up 83 percent.

There is continued keen interest among potential US traders and investors in the Initiative. The Overseas Private Investment Corporation, for example, has approved 43 projects in the area this year, and the U.S. Commerce Department is receiving 100 inquiries about the program daily.

Investment promotion, of course, is primarily the responsibility of the beneficiary countries themselves. Barbados, for example, has generated over 2000 new jobs this year through joint ventures in high-tech industries. Jamaica has approved some 300 investment projects during the first two years of its new investment promotion program. And the Dominican Republic has undertaken investment seminars in the United States to promote some 30 investment profiles and over 100 investment studies. The U.S. Department of Commerce's regional offices helped in arranging these seminars, and is prepared to help other beneficiary countries.

I have some other good news. There has been concern expressed by exporters in the beneficiary countries that the interim customs regulations affecting duty-free declarations are significantly burdensome. I can announce today that these procedures have been simplified to meet those concerns.

I mentioned previously our very substantial economic assistance to the Caribbean Basin, designed to help alleviate the structural impediments to growth.

During President Reagan's first term, U.S. economic aid to the Caribbean Basin nearly tripled. For FY 1985, Congress approved economic assistance totalling almost \$1.5 billion. We intend to continue substantial development support as long as the need exists and the countries of the Caribbean Basin continue to make serious efforts to help themselves.

U.S. policy is to support intra-regional cooperation and economic integration to help offset the fragmentation of the Caribbean Basin into small economies and small markets. The Central American Common Market and CARICOM in the Caribbean initially stimulated growth through tariff policies which favored import substitution. But as the opportunities for this kind of expansion waned, and macro-economic difficulties mounted, the framers of CARICOM and CACM began to think about the need for modernization. The members of the Central American Common Market, for example, are now considering reductions in their external tariff to lower the level of protection. This would lead to more efficient domestic industries better able to compete in international markets.

We are providing bilateral assistance to revitalize the Central American Common Market and to facilitate export expansion to third-countries as well as among its members. The Agency for International Development is promoting trade expansion by providing loans administered by the Caribbean Development Bank, to which the United States is the largest contributor. Other AID programs support trade and investment promotion by the island governments.

Even full regional integration, however, would be a limited accomplishment if based on an inward-looking development strategy. NO national or regional market is of sufficient scale for the rapidly changing technologies of this day. To be competitive, to participate in world economic growth and technological progress, countries are beginning to realize that they must open up to international competition.

I am convinced that there is around the globe a large pool of money and entrepreneurial talent which has been prevented from making its proper contribution to development by distorted economic policies. Only by attracting domestic and foreign capital, not repelling it, will governments generate needed economic growth.

A good investment climate for domestic business will also be attractive to international investors. To function effectively, indeed to function at all, investors -- domestic and foreign -- need to know the rules of the game. These must be consistent, clear, and equitable. They need to provide secure arrangements for repatriation of profits, protection of copyrights and patents, and a mutually satisfactory dispute settlement mechanism. All of these would demonstrate a long-term commitment to private sector activities.

There is, however, a continued bias against foreign investment among some groups in some countries of this region. It exists in the United States as well. But I would argue that this fear of so-called "economic imperialism" has never been as obsolete as right now.

Even small countries have learned how to control big firms. They know how to make the rules and how to enforce them. And they have the power to do so in ways that encourage rather than frighten away investors. As former President Jose Figueres of Costa Rica said about a contract he signed with a major U.S. company in 1954, "We did not try to kill the goose which lays the golden eggs, rather we saw to it that she laid them here in our nest."

My point is that the kinds of geese President Figueres was talking about can be domesticated. The economically most successful countries in the 80's and 90's will likely be those who provide the best environment for productive investment. Detroit and Chicago are learning to compete with Tokyo and Frankfurt. Kingston and San Salvador will have to do the same with regard to Singapore and Bangkok.

The Role of Democracy

Finally, to return to my opening theme, the integrity of the political system is vital to progress. And here, the region has growing assets in democratic governments that are responsive to the needs of their peoples and offer fair and equal treatment under the law.

Strong democracies can be adept at addressing the problems of development -- not weak as some of their critics claim. In fact, I suggest that the worst way to foster growth is to have an elite impose even the best of notions on an unconsenting public. History has too often shown the corruption endemic in such systems. A democracy, accountable to the people through the vote, can address the critical issues of economic adjustment and growth because it has the consent of the people -- its legitimacy is derived from a public mandate.

A year ago, Deputy Secretary Kenneth Dam outlined to this same group our concern that we in the United States had been slow to appreciate the importance of defending democracy in political terms. He talked about the critical need for democratic training. And he cited some startling facts confirming that the Soviets understand their interest in "educating" youth in this part of the world, as the 500 percent increase -- to nearly 4000 -- in Soviet scholarships for area students from 1972 to 1982.

Ken Dam said that we hoped that the new National Endowment for Democracy would help us, in his words, "shift beyond short-term bailouts, beyond expensive public-sector agency-creation, to the concerted development of men and women with modern economic, technical, and political skills." Specifically, he suggested that Caribbean/Central American Action "play a key role in catalyzing this shift and making it work."

A year later, our record on this score is not good enough.

The National Endowment -- NED -- has begun its work. NED programs, especially those under the auspices of the U.S. Chamber of Commerce should be of particular interest to this group, because learning how to compete is a key to success in the world-wide economic competition I have described. That's just as true for students of economics or business administrators, as it is for government officials. The Chamber's new Center for International Private Enterprise is already working with many of you.

But we are moving too slowly. Federal funds and programs are not enough. Private funding must fill the gap. I know that Caribbean/Central American Action is discussing certain programs with the NED. But has C/CAA done enough? Could you not initiate a broader program of scholarships, fellowships, exchange travel, and other training? Is not the investment in people -- future entrepreneurs as well as professors of economics and finance ministers -- worth the effort? I think it is.

STAYING ON THE PATH TO ECONOMIC -- AND POLITICAL -- RECOVERY

Despite the many obstacles to development in the Caribbean Basin, considerable progress has already been made. There are some strongly positive external factors -- world economic recovery and the incentives of the Caribbean Basin Initiative. Even more importantly, I believe there is a growing realization that by far the most important factor determining growth and development is domestic policy -- political stability combined with adequate economic incentives to save and invest. The tide is turning slowly but inexorably toward an economic consensus in favor of promoting private sector-oriented, export-led growth. We are on the right path. We must stay on it.

The Caribbean Basin Initiative is thus a symbol as well as a program. It is a political commitment by the US. It says we will play our part in implementing the solutions I have outlined. President Reagan has just re-affirmed that commitment. He directed appropriate Cabinet members and other key officials to give programs relating to the Caribbean Basin their personal attention and the institutional support needed for success. The President emphasized that "the CBI remains personally important to me and important to the future of our nation."

And the CBI is a commitment which will outlast this Administration and any particular U.S. political situation. It flows from linkages between the Caribbean Basin and the U.S., which will remain and grow stronger no matter who is in office in any of our countries.

In the political and security fields too there has been progress. Democratically elected governments willing to make genuine political and economic reforms are on the upswing. Cuban and Soviet adventurism has been dealt severe blows.

A year ago, seven governments in the Caribbean asked us to join in a rescue operation in Grenada. Since then, the security situation and general confidence in the Eastern Caribbean have much improved. The people of Grenada went to the polls this past Monday and chose a new government committed to democratic principles and the creation of a better, freer life. This is a significant accomplishment -- of which they should be proud.

In Central America the democratic countries are patiently searching for peace while working to foil the propaganda and the subversion of home-grown and foreign communists. There too, the general situation is slowly improving.

Throughout the Caribbean and Central America, U.S. policy is to support the politics of freedom, enterprise, initiative, opportunity and hope. The response we are seeing -- a response measured in self-confidence expressed at the ballot box and in the marketplace -- suggests we are on the right track. Let us stick to it.

PRESS DEPARTMENT OF STATE



December 10, 1984
NO. 259

PROGRAM FOR THE OFFICIAL WORKING VISIT TO WASHINGTON, D.C. OF HIS EXCEL-
LENCY GENERAL SEYNI KOUNTICHE, PRESIDENT OF THE SUPREME MILITARY COUNCIL,
REPUBLIC OF NIGER AND MRS. KOUNTICHE.

Monday, December 10

- 3:40 p.m. President Kountche, Mrs. Kountche and their party arrive Andrews Air Force Base, Maryland via U.S. Presidential Aircraft.
- 4:00 p.m. Arrival Washington Monument Grounds (Reflecting Pool Side).

The Honorable Kenneth Dam, Deputy Secretary of State, and Mrs. Dam will greet the party on arrival.
- 4:15 p.m. Arrival Madison Hotel, 15th and M Streets, Northwest.

Private dinner and evening.

NOTE:

For all PHOTO COVERAGE EVENTS, photographers to be on 15th floor of hotel no later than 15 minutes before scheduled event.

PRESS CREDENTIALS: Press Credentials recognized for press events: White House, State Department, USIA, U.S. Capitol, U.S.S.S. National Press Pass and Visiting Visitors Pass.

S/CPR - Mary Masserini
Madison Hotel Protocol Office,
862-1600 Ext. 1501

Tuesday, December 11

9:30 a.m. President Kountche will meet with Ms. Loret Ruppe, Director, Action-Peace Corps, Presidential Suite, Madison Hotel.

PHOTO COVERAGE.

11:30 a.m. President Kountche will meet with President Reagan at the White House. At the conclusion of the meeting, President Reagan will host a working luncheon in honor of President Kountche, at the White House.

PRESIDENT KOUNTCHE WILL MEET WITH THE FOLLOWING, PRESIDENTIAL SUITE, MADISON HOTEL:

3:00 p.m. The Honorable W. Peter McPherson,
Administrator,
Agency for International Development.

4:00 p.m. Mr. Jacques de Larosiere,
Director,
International Monetary Fund.

PHOTO COVERAGE OF ABOVE MEETINGS.

6:30 p.m. His Excellency Joseph Diatta, Ambassador of Niger, and Mrs. Diatta will host a reception in honor of His Excellency General Seyni Kountche, President of the Supreme Military Council of the Republic of Niger, and Mrs. Kountche, Madison Hotel, Dolley Madison Room, Mezzanine Level.

Dress: Business suit.

PRESS CONTACT: Mr. Doka Barke,
483-4225

Wednesday, December 12

9:00 a.m. President Kountche will meet with The Honorable A. W. Clausen, President of the International Bank for Reconstruction and Development, Presidential Suite, Madison Hotel.

PHOTO COVERAGE.

Wednesday, December 12 (continued)

10:00 a.m. President Kountche will meet with Members of the African Diplomatic Corps, Madison Hotel, Mount Vernon Room, Mezzanine Level.

PHOTO COVERAGE.

11:45 a.m. President Kountche and his party arrive at the Pentagon, River Entrance.

Honors Ceremony.

12:00 Noon The Honorable Caspar Weinberger will host a luncheon in honor of President Kountche at the Pentagon.

3:30 p.m. President Kountche will hold an Open Press Conference, Madison Hotel, Executive Room.

7:30 p.m. The Honorable George Bush, Vice President of the United States, and Mrs. Bush will host a dinner in honor of His Excellency General Seyni Kountche, President of the Supreme Military Council, Republic of Niger, and Mrs. Kountche at the Blair House.

Dress: Business Suit.

Thursday, December 13

8:05 a.m. President Kountche, Mrs. Kountche and their party arrive Washington Monument Grounds.

8:20 a.m. Arrival Andrews Air Force Base, Maryland.

8:25 a.m. Depart from Andrews Air Force Base, Maryland via U.S. Presidential Aircraft for Mississippi-Golden Triangle Airport, Columbus, Mississippi for a private visit.

PRESS DEPARTMENT OF STATE



December 10, 1984
NO. 260

AS PREPARED FOR DELIVERY

"THE ETHICS OF POWER"

ADDRESS BY
THE HONORABLE GEORGE P. SHULTZ
SECRETARY OF STATE
AT THE
CONVOCAATION OF YESHIVA UNIVERSITY
NEW YORK, NEW YORK
DECEMBER 9, 1984

For further information contact:

Tonight's Hanukkah dinner commemorates the miracle of 2100 years ago. The flame has been a symbol for the Jewish people throughout history. Despite centuries of persecution, the spirit and the purpose of the Jewish people have burned brightly through the darkest times; today they are more vital and vibrant than ever. This is a miracle too. But it derives in no small part from your people's faith and dedication to your vocation as people of the word and people of the book. Your courage and moral commitment are an inspiration and example to all of us who value our great common heritage of freedom and justice.

Today, as we meet, a terrible tragedy is taking place on the other side of the globe. The atrocity of the terrorist hijacking in Tehran continues -- a brutal challenge to the international community as well as to the most elementary standards of justice and humanity. One way or another, the law-abiding nations of the world will put an end to terrorism and to this barbarism that threatens the very foundations of civilized life.

Until that day comes, we will all have to wrestle with the dilemmas that confront moral people in an imperfect world. As a nation, we once again face the moral complexity of how we are to defend ourselves and achieve worthy ends in a world where evil finds safe haven and dangers abound.

Today's events make this topic especially relevant, but in fact it is an old issue. As you know so well, philosophers and sages have grappled with it for centuries, engaging the great questions of human existence: What is the relationship between the individual and his or her God, between the individual and his or her community, and between one's community and the rest of the world? How do we make the difficult moral choices that inevitably confront us as we seek to ensure both justice and survival? The Bible and the commentaries of the Talmud provide many answers; they also leave many questions unanswered, which accurately reflects the predicament of humankind.

As Americans, we all derive from our Judaeo-Christian heritage the conviction that our actions should have a moral basis. For the true source of America's strength as a nation has been neither our vast natural resources nor our military prowess. It is, and has always been, our passionate commitment to our ideals.

Unlike most other peoples, Americans are united neither by a common ethnic and cultural origin nor by a common set of religious beliefs. But we are united by a shared commitment to some fundamental principles: tolerance, democracy, equality under the law, and, above all, freedom. We have overcome great challenges in our history largely because we have held true to these principles.

The ideals that we cherish here at home also guide us in our policies abroad. Being a moral people, we seek to devote our strength to the cause of international peace and justice. Being a powerful nation, we confront inevitably complex choices in how we go about it. With strength comes moral accountability.

Here, too, the intellectual contribution of the Jewish tradition has provided a great resource.

The Talmud addresses a fundamental issue that this nation has wrestled with ever since we became a great power with international responsibilities: how to judge when the use of our power is right and when it is wrong. The Talmud upholds the universal law of self-defense, saying, "If one comes to kill you, make haste and kill him first." Clearly, as long as threats exist, law-abiding nations have the right and indeed the duty to protect themselves.

The Talmud treats the more complicated issue as well: how and when to use power to defend one's nation before the threat has appeared at the doorstep. Here the Talmud offers no definitive answer. But it is precisely this dilemma that we most often confront and must seek to resolve.

For the world's leading democracy, the task is not only immediate self-preservation but our responsibility as a protector of international peace, on whom many other countries rely for their security.

Americans have always deeply believed in a world in which disputes were settled peacefully -- a world of law, international harmony, and human rights. But we have learned through hard experience that such a world cannot be created by good will and idealism alone. We have learned that to maintain peace we had to be strong, and, more than that, we had to be willing to use our strength. We would not seek confrontation, but we learned the lesson of the 1930's -- that appeasement of an aggressor only invites aggression and increases the danger of war. Our determination to be strong has always been accompanied by an active and creative diplomacy and a willingness to solve problems peacefully.

Americans, being a moral people, want our foreign policy to reflect the values we espouse as a nation. But, being a practical people, we also want our foreign policy to be effective. And, therefore, we are constantly asking ourselves how to reconcile our morality and our practical sense, how to relate our strength to our purposes -- in a word, how to relate power and diplomacy.

How do we preserve peace in a world of nations where the use of military power is an all-too-common feature of life? Clearly, nations must be able to protect themselves when faced with an obvious threat. But what about those gray areas that lie somewhere between all-out war and blissful harmony? How do we protect the peace without being willing to resort to the ultimate sanction of military power against those who seek to destroy the peace?

Americans have sometimes tended to think that power and diplomacy are two distinct alternatives. This reflects a fundamental misunderstanding. The truth is, power and diplomacy must always go together, or we will accomplish very little in this world. Power must always be guided by purpose. At the same time, the hard reality is that diplomacy not backed by strength will always be ineffectual at best, dangerous at worst.

As we look around the world, we can easily see how important it is that power and diplomacy go hand in hand in our foreign policies.

In the Middle East, for instance, the United States is deeply and permanently committed to peace. Our goal has been to encourage negotiation of a peaceful settlement of the Arab-Israeli conflict. At the same time we have an ironclad commitment to the security of Israel. We believe that Israel must be strong if a lasting peace in the region is to be achieved. The Israeli people must be sure of their own security. They must be sure that their very survival can never be in danger, as has happened all too often in the history of the Jewish people. And everyone in the region must realize that violence, aggression, and extremism cannot succeed, that negotiations are the only route to peace.

In Central America, aggression supported by Nicaragua, Cuba, and the Soviet Union threatens the peace and mocks the yearning of the people for freedom and democracy. Only a steady application of our diplomatic and military strength offers real hope for peace in Central America and security for the hemisphere. We have sought a dialogue with the Nicaraguan leadership. We have given full support to the Contadora peace efforts. We have provided political and economic support to those in the region who are working for peace and freedom. But we have also provided defense assistance to the region to help establish a shield behind which effective diplomacy can go forward.

It is as true in our relations with the Soviet Union, and on the issue of arms control, that diplomacy alone will not succeed. We have actively sought negotiation with the Soviet Union to reduce the nuclear arsenals of both sides, but we have also continued to modernize our own forces to ensure our security and that of our friends and allies. No arms control negotiation can succeed in conditions of inequality. Only if the Soviet leaders see the West as determined to modernize its own forces will they see an incentive for agreements setting equal, verifiable, and lower levels of armament.

The need to combine strength and diplomacy in our foreign policies is only one part of the answer. There are agonizing dilemmas inherent in any decision to use our power. But we do not have to look hard to find examples where the use of power has been both moral and necessary.

A week ago, an election was held on the island of Grenada, the first free election held in that country since 1976. If we had not shown the will to use our strength to liberate Grenada, its people would yet be under the tyrant's boot, and freedom would be merely a dream.

Grenada is a tiny country. Although there were some tough actions, as military campaigns go, it was quickly done. But the moral issue it posed was of enormous importance for the United States.

What we did was liberate a country, turn it back to its own people, and withdraw our forces. We left -- even though Grenadans begged us to stay. The American people understood immediately that we had done something good and decent in Grenada -- something we could be proud of -- even if a few Americans were so mistrustful of their own society that they feared any use of American power. I, for one, am thankful that the President had the courage to do it. Yes, Grenada was a tiny island and relatively easy to save. But what would it mean for this country -- or for our security commitments to other countries -- if we were afraid to do even that?

We have to accept the fact that often the moral choices will be much less clearly defined than they were in Grenada. Our morality, however, must not paralyze us. Our morality must give us the strength to act in such difficult situations. This is the burden of statesmanship.

And while there may be no clear resolutions to many of the moral dilemmas we will be facing in the future, neither should we be seduced by moral relativism. I think we can tell the difference between the use and abuse of power.

The use of power is legitimate:

- not when it crushes the human spirit and tramples human freedom, but when it can help liberate a people or support the yearning for freedom;

- not when it imposes an alien will on an unwilling people, but when its aim is to bring peace or to support peaceful processes; when it prevents others from abusing their power through aggression or oppression;

- and not when it is applied unsparingly, without care or concern for innocent life, but when it is applied with the greatest efforts to avoid unnecessary casualties and with a conscience troubled by the pain unavoidably inflicted.

Our great challenge is to learn to use our power when it can do good, when it can further the cause of freedom and enhance international security and stability. When we act in accordance with our principles and within the realistic limits of our power, we can succeed. And on such occasions we will be able to count on the full support of the American people.

There is no such thing as guaranteed public support in advance. Grenada shows that a President who has the courage to lead will win public support if he acts wisely and effectively. And Vietnam shows that public support can be frittered away if we do not act wisely and effectively.

Americans will always be reluctant to use force. It is the mark of our decency. And clearly, the use of force must always be a last resort, when other means of influence have proven inadequate. But a great power cannot free itself so easily from the burden of choice. It must bear responsibility for the consequences of its inaction as well as for the consequences of its action. In either case, its decision will affect the fate of many other human beings in many parts of the world.

One need only consider, again, the tragic result of the failure to use military force to deter Hitler before 1939. If the democracies had used their power prudently and courageously in the early stages of that European crisis, they might have avoided the awful necessity of using far greater force later on, when the crisis had become an irreversible confrontation.

Those responsible for making American foreign policy must be prepared to explain to the public in clear terms the goals and the requirements of the actions they advocate. And the men and women who must carry out these decisions must be given the resources to do their job effectively, so that we can count on success. If we meet these standards, if we act with wisdom and prudence, and if we are guided by our nation's most fundamental principles, we will be a true champion of freedom and bulwark of peace.

If one were looking for a model of how nations should approach the dilemmas of trying to balance law and justice with self-preservation, one need look no further than Israel.

It is not that Israel has made no mistakes in its history. In this world, that is too much to ask of any nation. But the people of Israel, in keeping with their tradition, have engaged in open, continual, and enlightened debate over the central question of when it is just and necessary to use power. It is all the more praiseworthy when one considers the great perils to its survival that Israel has faced throughout its history. Its need for strength should be self-evident; yet Israelis never consider the issues of war and peace without debating in terms of right and wrong.

We in America must be no less conscious of the moral responsibility inherent in our role as a great power and as a nation deeply devoted to justice and freedom. We look forward to the day when empire and tyranny no longer cast a shadow over the lives of men and women. We look forward to the day when terrorists, like the hijackers in Tehran, can find not one nation willing to tolerate their existence. But until that day comes, the United States will fulfill the role that history has assigned to us.

The United States must be a tireless sentinel of freedom. We must confront aggression. We must defend what is dear to us. We must keep the flame of liberty burning forever, for all mankind.

Our challenge is to forge policies that keep faith with our principles. We know, as the most powerful free nation on earth, that our burden is great, but so is our opportunity to do good. We must use our power with discretion, but we must not shrink from the challenges posed by those who threaten our ideals, our friends, and our hopes for a better world.

PRESS DEPARTMENT OF STATE



December 17, 1984
NO. 261

ARRIVAL STATEMENT
BY
THE HONORABLE GEORGE P. SHULTZ
BRUSSELS, BELGIUM
DECEMBER 12, 1984

I look forward very much to the time I will be able to spend in Belgium starting with a meeting this noon with Prime Minister Martens and Foreign Minister Tindemans, where we'll review a complete range of issues of mutual interest.

Belgium is a stalwart supporter of the Atlantic Alliance and I greatly value its leaders' views on the challenges which confront all the allies. Tomorrow I'll join my NATO colleagues and Secretary General Carrington for the semi-annual Ministerial meeting of the North Atlantic Council. 1984 has been a good year for the Alliance, and our meeting tomorrow begins against a background of thorough agreement on all important aspects of East-West relations. We have important tasks before us. We will review our security situation in light of the on-going Soviet military buildup. We will also explore ways to improve our dialogue on East-West issues, including arms control, with the Soviet Union and its allies.

President Reagan has said he has no higher priority than to put our relations with the Soviet Union on a more constructive basis and to make progress on arms control. I intend to consult closely with our NATO Allies as we prepare for the January meeting in Geneva. While the Soviet Union's decision to enter into new arms control negotiations is welcome, the road ahead will not be easy and western patience and realism will remain the key to concrete progress in the coming months.

I also look forward to my meetings with President Thorn and the EC Commission. My cabinet colleagues and I expect to discuss the full range of transatlantic economic issues with the Commission. I'm confident that these discussions will continue to play an invaluable part in managing both the economic and the political aspects of our very close and very important ties.

PRESS DEPARTMENT OF STATE



No. 262
December 17, 1984

PC#26

JOINT PRESS CONFERENCE
BY
THE HONORABLE GEORGE P. SHULTZ, SECRETARY OF STATE,
THE HONORABLE JOHN BLOCK, SECRETARY OF AGRICULTURE,
SPECIAL TRADE REPRESENTATIVE WILLIAM BROCK,
AND
THE HONORABLE GASTON THORN,
PRESIDENT OF THE COMMISSION OF THE EUROPEAN COMMUNITY,
AND MEMBERS OF THE EUROPEAN COMMUNITY COMMISSION
AT EUROPEAN COMMUNITY HEADQUARTERS
BRUSSELS, BELGIUM
December 14, 1984

PRESIDENT THORN: Ladies and gentlemen, good evening. I don't need to introduce you to the gentlemen seated at this table. You can see their name plates but I'd just like to say that I am happy to be here before you once again to greet the representatives of the United States Government who, for the fourth time in succession, have come here to talk with us about the various problems that we have as important trading partners. I mean us, the Community, and the United States of America.

I'd like to stress that this is the third time that Secretary of State Shultz has in person headed the U.S. delegation, and this has made possible for us to take stock, as it were, to some extent, and in doing this stocktaking exercise, we found that the successes we have met with in our contacts and discussions can be balanced with the various setbacks, of course, which take place, and that overall a number of dangers have been avoided because we have been able to work together through exchanges of views. We have been able to remain in constant contact. And now, more than ever, in the difficult and rapid times of today, we believe that such exchanges of views need to be pursued.

I can give you the various headings of the subjects that were discussed and the essential substance that was discussed. We spoke about enlargement. In this respect, for the benefit of our friends

from the United States, we record that we intended to pursue the enlargement negotiations actively, with the hope of being able to conclude these negotiations very soon, both as regards to Spain and as regards to Portugal. We insisted on the significance that this had for all of us in political and economic terms. I mean the idea of bringing Spain and Portugal successfully into the Community. The United States has stressed that their legitimate rights should also be respected. They stressed that they wanted all of this to take place in full observance of the rules of the GATT. They wanted us to abide by these rules strictly. Of course, we confirmed that we intended to do this. And we pointed out that on the one hand, there was the system, of course, of Community preference and, on the other hand, once enlargement comes into play, will bring about some tariff reductions as regards to a number of industrial products.

With regard to the countries that will be joining the Community, we also discussed a number of agricultural issues. You will not be surprised to hear this. We explained to the members of the United States Government what developments have taken place in Europe, what changes have been made to the common agricultural policy in a number of summits and ministerial meetings. The Secretary of Agriculture also explained to us what policy the American Government was thinking of in this area. He, of course, underscored a number of particular anxieties felt by our American friends with regard to a number of products. And, of course, in this context, we spoke of corn gluten feed. And, of course, we also referred to our problems with wine. There was discussion of butter. Each side referred to his concerns and insisted on the need to have these various concerns taken into account.

We discussed the industrial sector as well. And in this area, we talked about export credits. We talked about high technology and here we were satisfied with the work undertaken by the groups which we have set up. We asked them that they should be able to continue their work and to work still more concretely on problems that are of common interest. There is, of course, the problem of pipes and tubes. We did discuss this. Each side restated its position, explained it more fully. We did not today find any common ground for understanding or agreement. We shall continue our efforts in this field and we shall keep you informed of how this is continued. This is all I have to say on that point.

And on multilateral trade negotiations, we are in a position to express our common satisfaction with regard to the outcome of the 40th session of the contracting parties of the GATT. The two sides, the Community and the United States, are ready to pursue work in 1985 in the hope that at last it will be possible to hope to have done enough preparatory work in order to be able to envisage the new multilateral negotiation round. That is what I wanted to say, then, by way of an introduction. I would ask Secretary of State Shultz if

he would like to make a few introductory comments before he responds to your questions.

SECRETARY SHULTZ: I think your summary was fine and I don't have anything to add to it. I would only like to say that now, having had several of these meetings with you and your colleagues, and recognizing that the Commission will change now pretty soon, that I would like to express on behalf of all of us our appreciation for the contacts we have had with you and the discussions, the problems that we have worked out together. And, of course, you have left an inventory of problems for your successors but, probably, a smaller inventory than you found when you got here. At any rate, our best wishes to you and our appreciation for the good work that we have been able to do together.

PRESIDENT THORN: Thank you very much. Ladies and gentlemen, any questions?

QUESTION: May I ask both sides how you regarded the warning that the EC might have to seek compensation over the differences on steel pipes and tubing?

SECRETARY SHULTZ: I'd like to ask Ambassador Brock to respond to that.

AMBASSADOR BROCK: Well, we didn't spend any time discussing the compensation per se; we were talking about the issue. Obviously, the United States felt that we had an agreement, and after failing to resolve some differences within that agreement over the last ten months, we had to take action to enforce it. Under those circumstances, we believe that we can defend that action with full success in the GATT. And therefore there is no justification for any such suggestion.

QUESTION: I'd like to ask a two part question. One directed at Mr. Block and the other for Mr. Dalsager. In the last two years, Mr. Block has said that he didn't want any U.S./E.C. trade wars in agriculture. Does he feel that the U.S. farm bill, which will reduce domestic price support for cereals and encourage more exports, will drive down the world price for cereals, and what impact does he feel that will have upon the protectionist policies of the CAP? And will it be more effective in reforming the CAP than the EEC has been so far?

And for Mr. Dalsager, I would like to ask whether he feels the EC would be able to afford to compete with the U.S. on the world market in 1985, in view of the fact that the Community at present does not have a realistic budget?

PRESIDENT THORN: Just to make sure we keep the debate in order: I

forgot, sir, that your question was addressed to both the Community and the United States. You have had half a reply, so perhaps Viscount Davignon could respond on behalf of the Community.

VICE PRESIDENT DAVIGNON: Well, I think the position is quite simple, Mr. President. We think that the decisions taken by the United States are not in accordance with the GATT rules. That's why we asked for the Council to meet on Monday. And if the matter is not resolved in the Council, then, of course, we reserve our rights, while still complying with the procedures of GATT. So there is simply a difference of appreciation about the problem and the entitlements on the two sides. In our opinion, it is not in line with that of our American colleagues.

PRESIDENT THORN: Now, we will come back to your question.

SECRETARY BLOCK: Let me say that the policies that President Reagan will be promoting in the Congress regarding agricultural policy is not driven by the policies of the European Community. The policies are policies that we believe are appropriate for the United States. I think they're sound policies for anyone in the world, but really we think that they're the right policies for us in the United States, and I say that because this kind of reform is necessary because the current programs that we have are not working. We've really not been successful in cutting production. When we do, someone else takes our markets. We price ourselves out of the world market with supports that are too high. Our policies and programs generally have been inconsistent.

And we believe that a market-oriented program will be in the best interests of the United States of America and, ultimately, in the best interests of the American farmer, and we can compete on world markets and with this kind of a program we will be in a position to do precisely that. It's driven from two directions. Number one, it's a sound policy. Number two, it will reduce the cost of farm programs to our taxpayers. Both of these are worthy objectives, and for that reason we will pursue the policy that we have been talking about here today, which is one that envisions, number one, ending all restrictions on production; number two, provide for no absolute price floor. There will be a harvest loan, but that won't be the floor. We're going to compete in the world market at world prices.

And we're doing this for a series of commodities -- all commodities -- grains, dairy, sugar, tobacco -- the whole list. The Government is not going to be in the business of holding large stocks of grain. All they do is depress prices for American farmers. We will hold a reasonable amount of grain for humanitarian reserves, but we're not going to be holding huge stocks. And we will have a strong trade title in this legislation to give American farmers assurance that the United States Government is going to work to open up markets for them.

The United States Government is not going to tolerate unfair trade practices, and the U.S. Government is going to work to bring down trade barriers. I believe that this will be sound policy for the United States of America. Just exactly what the Community does in response, I don't know precisely. I do believe the Community would like at least at some point in time to move to policies that would cost less for them, too.

COMMISSIONER DALSGER: Mr. President. First of all, we have an agreement in GATT where we are working with a so-called fair share of the market, and the Community intends to stick to that policy. We will not push any out of the market. That's the first answer. The next answer is that, speaking about cereals, prices are on the way down. The market price has been down this year and I don't know what the new Commission will do in their price proposals, but I could imagine if we follow the decision taken by 31st March this year that the prices for wheat and for cereals have to be decreased in the new price proposals. And finally about the budget, there will be many good reasons for saying that we cannot do anything because we do not have a budget. We will have some money available in all circumstances, but not enough. I don't think it's as much a problem for the Commission as it will be for the member countries, where, one way or the other, they will have to find money until the budget situation is solved in the Community.

QUESTION: A continuation of the same question: What Mr. Block was saying sounded rather like the sort of declaration of trade war we will be writing about for some time. To what extent does he think that this is taking an offensive which will involve Europe, and to what extent does Mr. Dalsager think that the EC can or should retaliate?

SECRETARY BLOCK: May I just respond? First of all, I don't believe that it has anything to do with a trade war. It has to do with competition in the world market. The United States does not and has never believed in agriculture dividing up the world market with some kind of market shares. We believe in competing. We believe that a country that has the production capacity to raise a product at a competitive price that the law of comparative advantage should rule. And we just want to get in the business of producing and competing. And as I said in the beginning, our past support programs have really not served the American farmer well and our country well. And let's just face up to it, let's look to the future with bold, new, aggressive policies that will serve the United States and, indeed, I think will serve the world.

COMMISSIONER DALSGER: If the U.S. policies are in conformity with the common rules we have about world trade, there will be no retaliation. And I am not sticking to guns because journalists wish

to have a declaration of war, because I don't think we should speak in that direction. What we have to do is to negotiate problems if there are problems and if there will be problems. That is the intention of the Community and the Commission.

QUESTION: My question is for both parties. Did you discuss Central America, and did the U.S. in some way accuse Europe of aggravating the problems in the area by its own farm export policies? And, did the Europeans take seriously this kind of accusation?

SECRETARY SHULTZ: The subject of Central America wasn't discussed in our meeting.

QUESTION: Mr. Block, if you say we want to produce and compete on the world market, does that mean that you will do that regardless of the commercial interests of your western allies?

SECRETARY BLOCK: I really don't even know what you are suggesting. What I am saying is that we'll just produce and sell. We're not going to subsidize the production. We're not going to subsidize the exports with any kind of restitutions. That's perfectly within the law of GATT and everything else to produce a product at a competitive price and offer it on the world market. It's being offered for sale by private farmers or traders. It's not the government selling. There's really nothing to it. We're just in business and no subsidies. The government is going to bring down the cost of farm programs and go out and farmers will just produce and sell competitively. It's nothing revolutionary. It's good, sound economic trade policy.

QUESTION: Mr. Secretary Shultz, you accepted the introduction of President Thorn, and he said that the United States insisted that the Community should also stick to the GATT rules. I wonder how you can say that if some of your legislation, like Wine Equity Act -- and I wonder whether it was discussed here -- seems, at least to the opinion of the European Commission and European Governments, a gross contradiction to the GATT rules?

SECRETARY SHULTZ: Of course, people take challenges to the GATT and it gets worked out there. And the Europeans feel they operate within that framework and so do we. Perhaps Ambassador Brock would like to add to that.

AMBASSADOR BROCK: Well, I think the original Wine Equity Act clearly was in violation of the GATT rules. This administration actively opposed it, as it did a number of other GATT-inconsistent and protectionist proposals. We were successful in striking virtually all from the trade act. And I think it is fair to say that the Community today expressed some appreciation for those actions. So, I don't think the issue is relevant to the present

situation. I think we have solved some problems that Congress proposed, but we did not allow that to be passed. I think we are in pretty good shape with regard to the GATT.

VICE-PRESIDENT HAFERKAMP: On the specific point which was raised about wine, as it was dealt within GATT, we noted together in our discussion of a few moments ago just how important this international institution is for world trade. We said that we would continue to work together to strengthen this institution and further develop it. Bearing in mind what has been said recently about a new GATT round, in the last few weeks we have made some headway. And I think it is possible to say now that there is sufficient substance to prepare for a round which would then probably take place in 1986 at a ministerial level. Now if that is the case, if both sides agree that GATT needs to be pushed forward and strengthened, then I think it's self-evident that both sides accept the rules and procedures of GATT, and whenever there are disputes, those disputes will be resolved within the context of the GATT procedures and rules.

QUESTION: It has nothing to do with today's meeting, but, to Mr. Shultz, about the meeting that happened between President Reagan and South African Nobel Prize Laureate Desmond Tutu: Does that mean a new approach of the U.S. towards South Africa and Namibia? Second part, will there be a new deal from the Reagan Administration in the Middle East after the new moves?

SECRETARY SHULTZ: The President had a very good meeting with Bishop Tutu and the President explained our policy carefully and, I think, effectively. Our policy is, first of all, as far as South Africa is concerned, in the framework of constructive engagement; to oppose absolutely and without any equivocation -- this has always been the case -- the system of apartheid. We have no use for it. It is wrong morally and I am sure that stability and peace will never really come to that part of the world until the system has disappeared. That doesn't mean that we shouldn't engage with South Africa and in Southern Africa to help in whatever way we can to resolve problems. And we have done so, and there has been a certain line of results that could be identified. I won't go into it all, but, at any rate, the President explained our policy and reaffirmed the fact that we intend, he intends to continue following that policy. I might say that after the President's meeting, there was a lengthy meeting with Vice President Bush and Assistant Secretary Crocker, and we had a full review. And of course, also, we had a very interesting discussion in listening to suggestions that Bishop Tutu wished to make.

As far as the Middle East is concerned, Ambassador Murphy, Secretary Murphy, is there and is visiting around in the area. And if we can make a contribution towards stability and peace there, we certainly

intend to, and I don't have anything further to say on it.

SPOKESMAN: Ladies and gentlemen, Mr. Secretary, Mr. President,
thank you very much indeed.

PRESS DEPARTMENT OF STATE



December 20, 1984
NO. 263

PC#27

PRESS CONFERENCE
BY
THE HONORABLE GEORGE P. SHULTZ
SECRETARY OF STATE
AT NATO HEADQUARTERS
BRUSSELS, BELGIUM
DECEMBER 14, 1984

SECRETARY SHULTZ: Lord Carrington has just completed chairing a very successful Ministerial meeting. It's been quite worthwhile from my standpoint, and I congratulate him on the job he has done and is doing. He has just summarized for you the meeting, and I gather you now have the Communique, so I won't say anything further but just go on to your questions.

QUESTION: Secretary of State, Ian Murray, the Times. It's been said that you came here without putting forward any strategy for your talks in Geneva. Have you learned anything in the course of the last two days which has given you a strategy?

SECRETARY SHULTZ: Well, of course we have been developing our thoughts about the Geneva meeting, and the President is engaged in a very extensive and painstaking effort as he approaches this with great seriousness of purpose. We've had quite a few meetings in Washington with the President on various aspects of the subject, and he has been taking these matters under consideration. I came here bringing the same set of matters for consideration and hear views here. I'll take these back to Washington; they'll be part of the input in the President's preparations for decisions that he'll make. I think that it's been a worthwhile process of consultation here, and it's an orderly and systematic and, I think, fruitful process that's going on in Washington.

-2-

QUESTION: Mr. Secretary, could you tell us whether any of the comments of the other foreign ministers struck you as being useful to incorporate in the U.S. position for Geneva, and if so, could you give us some indication what were the most interesting ideas you heard here from the others?

SECRETARY SHULTZ: Well, I don't really want to get into the content because this is the sort of thing we're considering, but there were a wide variety of suggestions made about the way of approaching the meeting. We were counseled to show patience, to go without illusions, not to expect things to happen very fast, but at the same time I think they were all glad to hear the positive and constructive way in which the President is approaching this. So there were certain tonal aspects that were helpful. I think it is natural that NATO people would be particularly interested in the representation of the INF issues in these discussions, and of course they will be very much a part of the discussions. There was a lot of discussion of the fact that our East-West relationships, of course, do have arms control as an important, perhaps central, feature. But there's a lot more to it than that, and this was brought out very clearly, as was the fact that there are other fora for discussion of MBFR issues, confidence building issues, chemical warfare, and so forth, that are also of great importance with which we agree. So there were a wide variety of things that were brought up, and it was very helpful to me to hear those views. And, of course, this is one form of consultation. The SCG meetings are another, a little more technical, form of consultation. There will be one of those meetings next week. We have had a visit from Chancellor Kohl in Washington just recently. Mrs. Thatcher will be visiting with the President later this month. Prime Minister Nakasone will be visiting with us in early January, and so there is a very extensive process of visitation on all this, and I'm sure it's worthwhile.

QUESTION: Mr. Shultz, why did you not set up at least in principle a new consultative mechanism, because there is such a multiplicity of mechanisms now that it's difficult to see which one will be chosen in the event of there being progress in Geneva?

SECRETARY SHULTZ: There are established ways of consulting. They have worked quite well, so we'll use them to the full, and we don't see any particular reason to alter things that are working well. As a folksy saying in the United States goes, "If it ain't broke, don't fix it."

QUESTION: Secretary of State, did you get the idea that there was disquiet in Europe about the Strategic Defense Initiative, and was this one of the subjects which was being put forward for discussion at the talks?

-3-

SECRETARY SHULTZ: There has been a great deal of discussion of that, of course, in Europe and in the United States. The President has sought, and Secretary Weinberger, I and others have sought, to explain what this research program is about and what our intentions are. I think as this process has gone on people have become perhaps more and more comfortable with what these objectives are. I don't say that without recognizing that there are some who question it, but it is, I think, a very positive potential contribution to the deterrent strategy that has sustained the alliance for all these years and maintained the peace.

QUESTION: Mr. Secretary, on the basis of what you know from the deliberations so far in Washington on the Geneva meeting and what you've heard here, do you think it will be possible to devise a strategy for dealing with Moscow that will be satisfying both in the United States and to the Allies?

SECRETARY SHULTZ: Yes.

QUESTION: Just a follow-up to your comments describing the Strategic Defense Initiative as a potential contribution. Did you mean to imply by your use of the word "potential" that it was potential technically speaking, and that it might not be technically feasible, or did you mean that it might be bargained away?

SECRETARY SHULTZ: No, it is a research program, and the technology that has come on stream in the last decade or so has given those who know a lot more about the technology than I do a lot of hope that there can be a credible and important strategic defense designed. But it is a research program at this point, and we'll have to see what the research unfolds to us.

QUESTION: The second part of the question, sir, as to its bargainability, if I can use that word?

SECRETARY SHULTZ: Well, I don't know how you bargain about a research program, but you can certainly talk about it. At any rate, just how the discussions and negotiations about space-related matters will be handled is one of the things that we're discussing in detail with the President.

QUESTION: Secretary of State, John Dickey of the Daily Mail of London. Assuming there is progress in your dialogue with the Soviet side, you do envisage a stage being reached when the British deterrent will be included in your negotiations?

SECRETARY SHULTZ: Well, I think that's a matter of some distance. I remember the statement that Mrs. Thatcher made about a year or so

-4-

ago, and I think that's a good place to leave the subject. And President Mitterrand also made a similar statement about British and French systems.

QUESTION: Mr. Secretary, in your general discussions on East-West relations, was there any assessment of the present Soviet leadership and any possible changes in the future?

SECRETARY SHULTZ: People, of course, speculate about developments in the Soviet Union, but basically we proceed on the basis that the Soviet Union obviously is a very important country and it has coherence, and we are going to sit down with the representatives of the Soviet Union and try to work out solutions to our problems. They constitute their pattern of decision making, and we constitute ours, and we hope the two can interact in a worthwhile way.

QUESTION: Mr. Secretary, did you get any sense from your bilaterals here that NATO Allies would be willing to participate in, or at least support, a military strike against terrorists if one should be undertaken?

SECRETARY SHULTZ: We discussed the subject of terrorism, and I think that people increasingly recognize the importance of the subject. You notice it is brought into the Communique as has been the case in other meetings such as the summit meeting. We, I think, recognize the importance of sharing information on techniques of dealing with it, sharing information about terrorists, and contemplating together the best ways of dealing with it. As to the use of military forces, I'm not going to comment on that.

QUESTION: Proni, "La Stampa". Mr. Shultz, is the U.S. Administration keeping under review the possibility of postponing the military tests in space during January and March?

SECRETARY SHULTZ: Whatever is scheduled presumably will go forward on schedule. And the schedule is set up on a technical basis and obviously ought to proceed.

QUESTION: Mr. Shultz, do you foresee the need for a new ministerial level of consultation immediately after your talks in Geneva?

SECRETARY SHULTZ: After our talks in Geneva, whatever the outcome, we will take steps, of course, to see that our Allies are informed about what happens in a direct way. We're working out a plan for consultation, and undoubtedly one important part of that is, come to Brussels and talk to the Ministerial group here. But I'm sure also we'll want to go to capitals and, as a general proposition, keep people informed and get their reactions and advice as we hope that this will be an ongoing process.

-5-

QUESTION: Mr. Secretary, what's your answer to the demand of Mr. Genscher to get active participation, and not only consultation, on further arms limitation talks?

SECRETARY SHULTZ: I have the impression from my individual discussions with Mr. Genscher in Washington, and here in the meeting, and what's expressed in the Communique, that he and the others are very well pleased with the pattern of consultation, the way in which these discussions have been conducted, and the way it's projected. As far as I know, there isn't any issue.

QUESTION: Mr. Secretary, in your bilateral talks with the Spanish Minister, Mr. Moran, did you get the impression that the Spanish position is now coming closer to the Alliance compared to one or two years ago, and do you expect this position to be even closer in the next year before the referendum?

SECRETARY SHULTZ: I think the -- I was going to say new government, but it's getting to be a government that's been there for awhile. The Spanish Government is in the process of considering how it will posture itself, and we've been taking the attitude of being patient about that and working with them. Of course what we think is in our interest -- "our" meaning the NATO Alliance generally -- and theirs is for them to be full partners in NATO. And we hope that that comes to pass.

QUESTION: Mr. Secretary, we've been told repeatedly this week that we shouldn't expect too much from your talks with Mr. Gromyko. What do you think one could realistically hope should come out of Geneva?

SECRETARY SHULTZ: I really don't want to speculate too much about it. We are going there, having worked through both substantive and procedural issues and prepared for a serious, positive and constructive discussion. From all I can tell, the Soviet Union is similarly preparing itself. So we'll go there with that attitude, and we'll just have to see what happens. Maybe nothing will happen and that'll be the end of it. Or maybe it will take longer, or maybe there will be some definitive outcome, at least in terms of fora that are set up for explicit negotiations. By our agreement, that's the presumed objective. So we'll just have to see. The main thing is that we are going there with a positive and constructive attitude, and we do hope that something worthwhile will be accomplished.

QUESTION: Mr. Secretary, if I understood what you said a few minutes ago, the tests will go forward in March of ASAT and their connection as it is with SDI. Does this mean that your previous comments about discussing restraint with the Russians will not include questions of postponing tests?

-6-

SECRETARY SHULTZ: What they will include I haven't made any comment on. The question of tests and when they take place, absent some agreement to the contrary, is essentially a technical question. I don't know what the technical considerations may be that will affect the timing of the tests. I think in this case what you're talking about is anti-satellite devices of one kind or another, not directly SDI-related matters. So it's essentially a technical question unless there is some political decision otherwise as a result of negotiations.

QUESTION: Mr. Secretary, in your earlier remarks, our Prime Minister Nakasone's visit to your capital was counted also in the process of setting out your position. Originally Japan had nothing to do with the INF negotiations. Does that mean that you have a new idea -- of geographic or other new elements -- in your position vis-a-vis the newly starting talks with the Soviet Union?

SECRETARY SHULTZ: Prime Minister Nakasone and his colleagues have always been interested in arms reduction talks. And the position the Alliance has taken in the INF talks has always been a position in favor of global constraints -- zero to begin with, and then various positions as we worked through the bargaining process. A global approach is necessary, in part because there are many SS-20s deployed against Japan, China, Korea, and also because SS-20 missiles deployed against those countries are mobile missiles. They can easily be moved in a short space of time, and the deployments against Europe can be augmented. So if all you did was negotiate about a certain category of weapons, depending on where they were deployed, you would not be dealing comprehensively with the problem. The fact that they are pointed at Japan certainly catches the attention of the Japanese, and we've had many discussions with Prime Minister Nakasone and his colleagues about arms control. They're very interested in the subject and understandably so. So we're always interested in his views.

QUESTION: Mr. Secretary, there are numerous published reports that you and Mr. Weinberger don't see eye to eye on how to go about negotiating in Geneva. Were you able to tell your colleagues here that these reports were a lot of rubbish, or if they were not a lot of rubbish, were you able to tell them that you will eventually see eye to eye by January 7?

SECRETARY SHULTZ: By and large Secretary Weinberger and I share common views on defense matters and on matters of this kind. We discuss them in meetings by ourselves and then in meetings with the President. It isn't that there is just a dialogue between Secretary Weinberger and me. There are a number of people involved, and we try to examine all aspects of the issues. The President certainly likes to be sure that any angle on something that can be mentioned,

whether you support it or not or just want to call it to his attention, are put there. In the end the President decides, but on the whole I think he has seen a basic consensus on most important issues. But anyway, it's for the President in the end to decide and then we all support the decisions that he makes. So Secretary Weinberger and I have worked, really, quite well together in this area. I've seen the newspaper stories, but I'm just telling you what my observation is for whatever it's worth.

QUESTION: Mr. Secretary, do you regard the present Dutch and Belgian positions on INF as favorable for the coming talks with Mr. Gromyko?

SECRETARY SHULTZ: Yes, I think the discussions we've had here and the text of the Communique all put us in the kind of position of strength and readiness for dialogue that is the essence of the NATO posture on East-West relations. It's a good posture; it has worked for us in the past, and I'm sure it will work for us in the future, and we'll stick with it. The Dutch and the Belgians, I'm sure, will be very much a part of the process. Thank you.

Department of State

Press Release 264 (1964)

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PRESS

DEPARTMENT OF STATE

December 20, 1984
No. 265



AMERICAN FOREIGN POLICY: CURRENT DOCUMENTS, 1981

The Department of State today released American Foreign Policy: Current Documents, 1981. The volume is the most recent volume in an ongoing Department of State documentary series.

Like earlier volumes in the series, this book presents official public expressions of policy that best set forth the goals and objectives of United States foreign policy. Included are the texts of major official messages, addresses, statements, interviews, press conferences and briefings, reports, and communications by the White House, the Department of State, and other federal agencies or officials involved in the foreign policy process. The volume contains 1444 pages arranged chronologically within fifteen geographic and topical chapters, and includes a list of documents, editorial annotations, maps, a list of abbreviations, and an index.

The volume presents the major statements by President Reagan, the Secretary of State, and other government leaders setting forth the most important general principles and objectives of American foreign policy in 1981. Major statements are also included on national security policy, arms control, foreign economic policy, the role of the United States in the United Nations, the approach to human rights around the world, the concern with refugees, and the law of the sea conference. The volume also presents major statements of U.S. policy on the major regional and bilateral aspects of American foreign relations in 1981.

This volume is the most recent in a documentary series begun in 1950. After an interruption following the publication of an annual volume for 1967, the series was resumed in 1983 with the publication of American Foreign Policy Basic Documents, 1977-1980. This volume for the events of 1981 is a revival of the earlier annual volumes. Volumes for 1982 and 1983 have been prepared and will be printed and published as soon as possible in 1985. A volume for 1984 is underway now, and it is the Department's intention to publish that volume in 1985. Thereafter each annual volume will be published in the year after the events. Separate volumes for the years 1969-1972 and 1973-1976 are also being planned for future publication.

For further information contact:

American Foreign Policy: Current Documents, 1981 was prepared in the Office of the Historian, Bureau of Public Affairs, Department of State. Copies may be purchased for \$28.00 (domestic postpaid) from the Superintendent of Documents, U.S. Government Printing Office (Department of State Publication No. 9384; GPO Stock No. 044-000-020-14-9). Checks or money orders should be made out to the Superintendent of Documents.

For further information, contact:

David S. Patterson (202) 632-7773
Paul Claussen (202) 632-9477

PRESS DEPARTMENT OF STATE



December 19, 1984

NO. 266

SHIPPING COORDINATING COMMITTEE Subcommittee on UNCTAD Notice of Meeting

The Subcommittee on the United Nations Conference on Trade and Development of the Shipping Coordinating Committee (SHC) will hold an open meeting at 10:00 a.m. on January 17, 1985, in Room 1207 of the Department of State, 2201 C Street, N.W., Washington, D.C.

The purpose of the meeting is to discuss United States preparations for the United Nations Conference on Conditions for Registration of Ships from January 28 to February 15, 1985. In particular, the Subcommittee will discuss the development of U.S. positions regarding proposals of Conference President, Lamine Fadika, designed to find common ground among Conference participants, especially concerning the issues of ownership, management, and manning.

Members of the public may attend up to the seating capacity of the room. Entrance to the Department of State building is controlled and entry will be facilitated if arrangements are made in advance of the meeting. For further information, contact Mr. Ronald M. Roberts, Office of Maritime and Land Transport, Room 5826, Department of State, 2201 C Street, N.W., Washington, D.C. 20520. Telephone (202) 632-0703.

For further information contact:

PRESS DEPARTMENT OF STATE



December 20, 1984
NO. 267

REMARKS BY
THE HONORABLE GEORGE P. SHULTZ
SECRETARY OF STATE
CHRISTMAS TREE LIGHTING CEREMONY
WASHINGTON, D.C.
DECEMBER 20, 1984

Well, this is a great honor for us and fun for us to have a chance once again to take part in the ceremony of lighting the State Department's Christmas tree. I'd like to thank Mr. Gaither and the members of the Recreation Association and all of those who continue the tradition, donating the Christmas tree and getting it decorated. Mrs. Otto and the Association staff have done a really outstanding job on that and we also appreciate the fine musical entertainment that's offered by members of the Musicians Workshop and the Ambassadors of Song.

I think we ought to do this more often. It's sort of nice to walk through the lobby and hear this nice singing -- it's pleasant -- instead of coming down and there's the press corps waiting for you to give you a little grilling.

But this is the time of year, of course, when we all have joyous feeling and we gather with our families, have the fun of Christmas. My wife and I are looking forward to seeing our grandchildren, about that age, four of them. And sort of, that's Christmas. I think it's also, of course, a time when we think about our friends and colleagues, particularly those who have given their lives in the service of the country, and we see all too many names on the plaques here. And I think it's important for us all to remember them, and to remember what we are here for, and what they were here for: to contribute as we can to peace in the world, and of course not just peace but peace with freedom and justice. And those are the things that we work for in the United States generally, and of course in our role in the State Department we have special responsibilities.

I don't know how many of you can see clearly what my wife is wearing here, but she has a little angel that she puts on her shoulder during the month of December, and she says that that angel is there, and it whispers in her ear: "Be good, Santa Claus may be watching," "Peace on earth," and all of those sentiments. And they are the sentiments that we carry into this season, and I know you do, too. So Merry Christmas and Happy New Year to all of you, and now it's my pleasure to hold this over here, O'Bie, so you can press that button, and I hope it works. Yaaaaay!

PRESS DEPARTMENT OF STATE



December 26, 1984
NO. 268

PROGRAM FOR THE OFFICIAL WORKING VISIT TO LOS ANGELES, CALIFORNIA OF
HIS EXCELLENCY YASUHIRO NAKASONE, PRIME MINISTER OF JAPAN.

January 1-2, 1985.

Tuesday, January 1

3:10 p.m. His Excellency Yasuhiro Nakasone, Prime Minister of Japan, and his party arrive Los Angeles International Airport, Los Angeles, California, via Special JAL Flight.

Honor Cordon and Welcoming Committee.

3:20 p.m. Departure from Los Angeles International Airport via U.S. Presidential Helicopters enroute Santa Monica Airport, Santa Monica, California.

3:30 p.m. Arrival Santa Monica Airport.

3:35 p.m. Departure from Santa Monica Airport. Motorcade to Century Plaza Hotel.

3:47 p.m. Arrival Century Plaza Hotel, 2020 Avenue of the Stars, Los Angeles, California.

Private afternoon and evening.

Wednesday, January 2

10:05 Prime Minister Nakasone will meet with The Honorable George P. Shultz, Secretary of State, Prime Minister's Suite, 19th floor.

PHOTO COVERAGE: Photographers to be on 19th floor 15 minutes before scheduled meeting.
RECOGNIZED CREDENTIALS : White House, State Department, USIA, U.S. Capitol, U.S.S.S. National Press Pass and Japanese Visitors Press Pass.

S/CPR - Mary Masserini
Century Plaza Hotel,
213 277-2000

For further information contact:

Wednesday, January 2 (continued)

- 11:00 a.m. Prime Minister Nakasone will meet with President Reagan, President's Suite, Century Plaza Towers. At the conclusion of the meeting President Reagan will host a luncheon in honor of Prime Minister Nakasone, Century Plaza Towers.
- Private afternoon.
- 5:00 p.m. Prime Minister Nakasone will hold a Press Conference, Century Room, Century Plaza Hotel.
- RECOGNIZED CREDENTIALS: White House, State Department, USIA, U.S. Capitol, U.S.S.S. National Press Pass and Japanese Visitors Press Pass.
- 6:10 p.m. Prime Minister Nakasone and his party depart Century Plaza Hotel via motorcade enroute Santa Monica Airport, Santa Monica, California.
- 6:22 p.m. Arrival Santa Monica Airport.
- 6:27 p.m. Depart Santa Monica Airport via U.S. Presidential Helicopters for Los Angeles International Airport.
- 6:35 p.m. Prime Minister Nakasone and his party depart Los Angeles International Airport via Special JAL Flight for Honolulu, Hawaii.