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ISRAEL /
JEWISH
ORGANIZATIONS

THE WHITE HOUSE

WASHINGTON

May 21, 1987

Dear Friend,

Enclosed are the texts of two very important speeches delivered at two very important meetings; one by the Secretary of State at AIPAC's Annual Policy Conference and the other by the National Security Advisor and the American Jewish Committee's 81st Annual Dinner. Both speeches address a variety of foreign policy concerns, particularly our Middle East policy. I expect you will find them to be interesting and reassuring.

Sincerely,

Max Green
Associate Director
Office of Public Liaison

SPEECH TO THE AMERICAN JEWISH COMMITTEE
THURSDAY, MAY 14, 1987

I. INTRO

- PLEASURE AND AN HONOR TO ADDRESS THE AJC; AN INSTITUTION RICH IN HISTORY. AN ORGANIZATION COMMITTED TO HUMANITARIAN IDEALS; TO FAIRNESS IN AMERICA'S WAY OF LIFE; TO A FOREIGN POLICY THAT REFLECTS OUR VALUES, WHILE SAFEGUARDING OUR SECURITY; AND TO PEACE IN THE MIDDLE EAST, AN AREA TOO LONG BURDENED BY TRAGEDY AND VIOLENCE.
- I WANT TO TALK ABOUT THE MIDDLE EAST TONIGHT, BUT LET ME START WITH SOME OBSERVATIONS ON U.S.-SOVIET RELATIONS.

II. U.S.-SOVIET RELATIONS

- THESE RELATIONS ALL TOO OFTEN ARE DOMINATED IN PUBLIC DISCUSSION BY ARMS CONTROL. PROGRESS HERE IS TAKEN AS THE BEST, SOMETIMES ONLY, MEASURE OF THE RELATIONSHIP.
- THE PRESIDENT UNDERSTANDS THE IMPORTANCE OF ARMS REDUCTION IN THE NUCLEAR ERA. BUT HE ALSO UNDERSTANDS THAT OUR RELATIONSHIP WITH THE SOVIETS CANNOT SIMPLY BE REDUCED TO ARMS CONTROL. REDUCING ARMS AT THE STRATEGIC LEVEL IS IMPORTANT, BUT WILL DO LITTLE TO MANAGE THE REGIONAL PROBLEMS OR CONFLICTS THAT MAY ACTUALLY TRIGGER WAR. IT WILL DO LITTLE TO EXPAND THE SCOPE OF BILATERAL PEOPLE-TO-PEOPLE TIES IN A WAY THAT BUILDS TRUST AND ERODES

MISCONCEPTIONS. AND IT WILL DO LITTLE TO ADDRESS MORE FUNDAMENTAL CONCERNS ABOUT BASIC HUMAN RIGHTS--A CONCERN THAT REFLECTS WHO WE ARE AND WHAT WE BELIEVE IN.

- THAT IS WHY PRESIDENT REAGAN HAS DEVELOPED A FOUR-PART AGENDA FOR U.S.-SOVIET RELATIONS, AN AGENDA THAT STRESSES ARMS REDUCTION, HUMAN RIGHTS, BILATERAL TIES, AND REGIONAL ISSUES.
- WE DO NOT APPROACH THIS AGENDA IN A VACUUM. THERE CAN BE NO DENYING THAT THERE ARE IMPORTANT CHANGES TAKING PLACE IN THE SOVIET UNION. WE CAN'T YET KNOW WHAT THE IMPLICATIONS OF THESE CHANGES WILL BE FOR THE SOVIET UNION ITSELF OR FOR SOVIET RELATIONS WITH THE OUTSIDE WORLD. WHAT WE CAN SEE IS THAT THERE IS [REDACTED] FERMENT IN THE SOVIET UNION.
[REDACTED]
[REDACTED] THE PRESSURE FOR CHANGE IS GREAT.
- THE CONSENSUS IN THE SOVIET LEADERSHIP IS TO GET THE SYSTEM MOVING AGAIN. THAT HAS LED TO ANTI-CORRUPTION AND ALCOHOL CAMPAIGNS; SIGNIFICANT PERSONNEL TURNOVER; AND THE CALL FOR ECONOMIC RESTRUCTURING AND "DEMOCRATIZATION". EVEN THOUGH GORBACHEV'S USE OF THE TERM IS FAR DIFFERENT FROM OURS, THERE IS NO QUESTION THAT THE FORCES OF CHANGE ARE PUSHING HARD ON THE CITADELS OF TRADITION IN THE SOVIET SYSTEM.

- WE'RE WATCHING ALL THIS CLOSELY, NOT PREJUDGING ITS OUTCOME, BUT LOOKING FOR SIGNS THAT THE SOVIETS ARE PREPARED TO BEHAVE DIFFERENTLY IN AREAS IMPORTANT TO US. WE KNOW THE STYLE IS DIFFERENT AND FREQUENTLY THE RHETORIC IS CONCILIATORY. HOWEVER, WE'RE INTERESTED NOT JUST IN FORM, BUT IN SUBSTANCE. WE'RE LOOKING, IF YOU WILL, FOR THE "BEEF".

- IN SOME AREAS, THERE ARE HOPEFUL SIGNS, ESPECIALLY WITH REGARD TO THE TREATMENT OF DISSIDENTS, RELEASE OF REFUSENIKS, AND THE RECENT INCREASE IN JEWISH EMIGRATION. MUCH MORE, CLEARLY, NEEDS TO BE DONE. NEITHER YOU NOR WE WILL RELAX OUR CONCERNS OR VIGILANCE IN THESE AREAS. RELEASE OF A FEW HUNDRED IS NOT ENOUGH; THERE ARE TENS OF THOUSANDS WHO WISH TO GO.

- THERE ARE OTHER ENCOURAGING SIGNS. WE SEE HOPEFUL, IF LIMITED, INDICATIONS OF SOVIET MOVEMENT ON ARMS REDUCTION. PROGRESS IS BEING MADE IN THE INF NEGOTIATIONS. WE'RE WRESTLING WITH THE COMPLEX POLITICAL AND MILITARY DIMENSIONS OF THIS NEGOTIATION, BUT WE BELIEVE PROSPECTS ARE GOOD FOR AN AGREEMENT WITH THE SOVIETS THAT CORRECTS A DANGEROUS IMBALANCE IN NUCLEAR WEAPONRY AND MAKES EUROPE MORE SECURE.

- THE PRESIDENT, OF COURSE, WANTS TO ACHIEVE MORE THAN AN INF AGREEMENT. HIS VISION IS TO COUPLE DEEP CUTS IN OFFENSIVE ARMS WITH THE DEVELOPMENT OF STRATEGIC DEFENSE: CREATING, A

MORE STABLE AND ENDURING STRATEGIC BALANCE. THIS MEANS THAT MANY POSITIONS THE SOVIETS HAVE TRADITIONALLY HELD MUST CHANGE.

- OUR TASK IN BRINGING ABOUT SUCH CHANGES HAS NOT BEEN MADE EASIER BY CONGRESSIONAL ATTEMPTS TO SLASH THE DEFENSE BUDGET AND LEGISLATE HOW WE APPROACH THE NEGOTIATIONS, FORCING US TO MAKE UNILATERAL CONCESSIONS ON ISSUES LIKE THE ABM TREATY INTERPRETATION AND SALT II CEILINGS. IT MAKES NO SENSE FOR US TO NEGOTIATE WITH OURSELVES JUST WHEN IT APPEARS THE SOVIETS MAY BE READY TO MOVE.

- WHILE SOVIET INTERNAL NEEDS MAY BE THE DRIVING IMPULSE TO REFORM THE SYSTEM, IT IS OUR LEVERAGE--IN THE FORM OF MILITARY MODERNIZATION, COMMITMENT TO SDI, AND A STRONG PRESIDENT--THAT HAS HELPED FOSTER A NEW RESPONSIVENESS ON NUCLEAR ARMS. THE SOVIET LEADERSHIP HAS ALREADY EMBRACED POSITIONS ON INF AND ARMS REDUCTION THAT MOST OBSERVERS BELIEVED IMPOSSIBLE A FEW YEARS AGO. WHY, IN THESE CIRCUMSTANCES, SHOULD WE UNDERMINE THE STRENGTH THAT HAS HELPED PRODUCE THAT MOVEMENT AND CAN PRODUCE MORE?

- DOES ANYONE SERIOUSLY BELIEVE THAT THE SOVIET POSITION IN ARMS NEGOTIATIONS, ON JEWISH EMIGRATION, OR ON REGIONAL CONFLICTS IS LIKELY TO BE RESPONSIVE IF OUR LEVERAGE IS VITIATED THROUGH BUDGET CUTS AND LEGISLATED ARMS CONTROL AMENDMENTS?

- IN THIS REGARD, IT ISN'T ONLY THE DEEP CUTTING OF DEFENSE SPENDING THAT IS WORRISOME; EVEN MORE TROUBLING ARE THE DEVASTATING CUTS THE CONGRESS IS MAKING IN THE FOREIGN ASSISTANCE BUDGET. THIS, AT A TIME WHEN THE GORBACHEV APPROACH TO FOREIGN POLICY IN THE DIFFERENT REGIONS IS MARKED BY GREATER ASSERTIVENESS. I WILL SAY MORE ABOUT THIS NEW SOVIET ACTIVISM IN THE MIDDLE EAST--AND THE CHALLENGES IT POSES--IN A MINUTE.
- FOR NOW, I SIMPLY WANT TO EMPHASIZE TO THIS GATHERING THAT FOREIGN ASSISTANCE IS A CRITICAL INSTRUMENT OF AMERICAN FOREIGN POLICY. IT IS A PROVEN INSTRUMENT, ESSENTIAL FOR PREEMPTING TROUBLE AND MAINTAINING STABILITY IN KEY REGIONS, BUT IT IS UNDER THREAT. IN SAYING THIS, I AM NOT BEING OVERLY ALARMIST. NOTE, FOR EXAMPLE, THAT THE NEW YORK TIMES GOES SO FAR TO SAY THAT PLANNED CONGRESSIONAL CUTS IN FOREIGN ASSISTANCE ARE SO EXTREME THAT THEY COULD ENDANGER THE AID LEVELS FOR ISRAEL AND EGYPT WHOSE AID CONSTITUTES A LARGE PERCENTAGE OF THE OVERALL AMOUNT. WE WILL RESIST ANY ATTEMPT TO CUT THEIR AID AND ^{will work} ~~TO~~ PRESERVE A FOREIGN ASSISTANCE BUDGET LARGE ENOUGH TO PROTECT OUR OVERALL NATIONAL INTERESTS, AS WELL AS OUR SPECIAL RELATIONS WITH ISRAEL. I KNOW YOU ARE COMMITTED TO HELP US ACHIEVE THIS. WE COUNT ON YOUR ACTIVE SUPPORT.

III. SOVIETS AND THE MIDDLE EAST

- LET ME NOW TURN TO SOVIET ACTIVISM IN THE THIRD WORLD GENERALLY AND THE MIDDLE EAST MORE SPECIFICALLY. SOVIET RHETORIC OF PEACE OFFERS A BASIS FOR HOPE; UNFORTUNATELY, SOVIET BEHAVIOR AT THIS POINT DOES NOT.

- FOR EXAMPLE, THE SOVIET "PEACE OFFENSIVE" ON AFGHANISTAN HAS LED NEITHER TO A REDUCTION IN SOVIET COMBAT TROOPS NOR TO ANY LESSENING OF THE INTENSITY OF THE FIGHTING. INSTEAD, THE SOVIET CALL FOR PEACE HAS BEEN PUNCTUATED BY AN ESCALATION OF AIR ATTACKS AGAINST NEIGHBORING PAKISTAN, ATTACKS THAT HAVE CAUSED OVER 1,000 CASUALTIES THIS YEAR ALONE. THE ROAD TO PEACE WILL BE BUILT NOT BY SOVIET BOMBS DROPPED ON PAKISTAN BUT BY THE SOVIETS WITHDRAWING FROM AFGHANISTAN AND ACCEPTING SELF-DETERMINATION FOR THE AFGHAN PEOPLE. THE MUJAHADEEN ARE NOT FIGHTING BECAUSE OF US OR ANYONE ELSE; THEY ARE FIGHTING FOR THE FREEDOM OF THEIR COUNTRY, AND THEY WILL NOT GIVE UP. IT'S TIME THE SOVIETS REALLY ACCEPTED THAT; IT'S TIME FOR PEACE.

- IT'S TIME FOR PEACE IN THE MIDDLE EAST TOO. BUT HERE, TOO, WE SEE A NEW SOVIET ACTIVISM THAT DOESN'T NECESSARILY CONTRIBUTE TO PEACE. THIS ACTIVISM IS CHARACTERIZED BY SEVERAL DIFFERENT TRACKS.

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- WITH THE ARAB WORLD, THE SOVIETS ARE PURSUING A PROPAGANDA TRACK WHICH STRESSES PEACE; AN OVERT DIPLOMATIC TRACK WHICH STRESSES BETTER RELATIONS WITH MODERATE, WESTERN-ORIENTED STATES; AND A COVERT DIPLOMATIC TRACK OF REINFORCING, RADICALIZING AND INCREASING THEIR CONTROL OVER THE PLO AND MAINTAINING LEVERAGE OVER SYRIA.

- WITH ISRAEL, THEY ARE EMPHASIZING THE DESIRE FOR PEACE, OFFERING TANGIBLE PROSPECTS OF GREATLY INCREASED JEWISH EMIGRATION--DIRECT TO ISRAEL--AND HOLDING OUT THE POSSIBILITY OF RESTORING DIPLOMATIC RELATIONS. THIS, AT THE SAME TIME THAT THEIR EFFORTS IN ALGIERS PRODUCED A MORE REJECTIONIST, RADICAL PLO.

- WHAT WE SEE IS A BLEND OF THE OLD WITH THE NEW. ON THE ONE HAND, THE TRADITIONAL SOVIET IMPULSE TO SEIZE OPPORTUNITIES CAUSED BY OUR SETBACKS HAS LED TO GREATER SOVIET ACTIVITY IN THE GULF, SEEKING TO CAPITALIZE ON THE AFTERMATH OF OUR IRANIAN INITIATIVE AND THE ARAB FEAR OF IRAN. ON THE OTHER HAND, THE EFFORT TO CULTIVATE THE WESTERN-ORIENTED STATES IN THE REGION REFLECTS A NEW CONFIDENCE AND A BELIEF THAT SOVIET DIPLOMACY CAN CREATE ITS OWN OPPORTUNITIES.

- THE SOVIETS ARE REACHING OUT TO MODERATES LIKE EGYPT AND JORDAN BY RESCHEDULING THE FORMER'S BURDENSOME DEBT AT NO

INTEREST--WHEN WE CAN OFFER LITTLE RELIEF ON OUR DEBT--AND OFFERING THE LATTER ADVANCED ARMS ON EXCEEDINGLY FAVORABLE TERMS. THEY ARE ALSO WORKING WITH ARAB OIL STATES TO FIX PRICES--WE WILL NOT.

-- IN SHORT, WE SEE A SOVIET UNION THAT IS MORE ACTIVE IN THE MIDDLE EAST AND ONE THAT IS WORKING HARD TO LOOK AS IF IT HAS THE POWER AND LEVERAGE TO PLAY A MAJOR ROLE IN TIME OF PEACE AS WELL AS CONFLICT. THE SOVIETS SEEM TO BE TRYING TO CREATE A NEW REALITY THAT MAKES THEM, UNMISTAKEABLY, A CENTRAL PLAYER IN THE REGION--WHETHER OR NOT THERE IS AN INTERNATIONAL CONFERENCE.

-- THEIR SUPPORT FOR A CONFERENCE, WHICH THEY HAVE KEPT DISTURBINGLY DEVOID OF DETAILS, IS DESIGNED TO CONVEY A COMMITMENT TO PEACE, HIGHLIGHT APPARENT IDENTITY OF VIEWS WITH COUNTRIES LIKE EGYPT AND JORDAN, AND APPEAL TO ISRAEL. IF WE WERE CONVINCED THE SOVIETS WERE SERIOUSLY COMMITTED TO PEACE IN THE REGION, THERE WOULD BE NO INTEREST IN EXCLUDING THEM. THEN THEY WOULD HAVE SOMETHING USEFUL TO CONTRIBUTE. BUT THAT IS SOMETHING THEY MUST DEMONSTRATE IN DEEDS AND NOT SIMPLY IN WORDS.

-- THEY MUST SHOW THAT THEY UNDERSTAND THAT MIDDLE EAST PEACE WILL NOT COME BY STRENGTHENING THE FORCES OF RADICALISM OR VAGUE PROTESTATIONS ABOUT BEING COMMITTED TO MIDDLE EAST

PEACE. THESE NEED TO BE SPELLED OUT CLEARLY AND THEN BE MATCHED BY ACTIONS THAT MAKE IT EASIER--NOT MORE DIFFICULT--FOR MODERATES TO ACT. THAT'S WHAT WE'RE LOOKING FOR, BUT HAVE YET TO SEE.

IV. U.S. POLICY IN THE MIDDLE EAST

- WHAT OF OUR POLICY? WE CANNOT AFFORD TO BE IDLE IN THE FACE OF GREATER SOVIET ACTIVISM, PARTICULARLY WHEN THAT ACTIVISM MAY NARROW THE CHOICES AVAILABLE TO ISRAEL AND TO MODERATE ARAB REGIMES.
- RECOGNIZING THE NEED TO COUNTER SOVIET ACTIVISM, REBUILD THE DAMAGED CREDIBILITY OF THE UNITED STATES, AND HELP GENERATE NEW HOPE IN THE REGION, THE PRESIDENT HELD A SERIES OF POLICY MEETINGS IN JANUARY AND FEBRUARY AND DECIDED UPON A MORE INTENSIVE EFFORT IN THE MIDDLE EAST.
- THE GOAL IS NOT TO CREATE A HIGH PROFILE OR LOOK FOR RAPID SPECTACULAR ACHIEVEMENTS. ONE DOES NOT RESTORE CREDIBILITY BY OVERCOMPENSATING, OR BY TAKING UNREALISTIC INITIATIVES THAT ARE BOUND TO FAIL. WE ARE BEING GUIDED BY A SOBER, REALISTIC SENSE OF THE POSSIBLE--RECOGNIZING THE DANGERS BUT ALSO THE OPPORTUNITIES, AND THE CONSEQUENCES OF INACTION.

- IN THE GULF, WE ARE PURSUING A POLICY ANNOUNCED BY THE PRESIDENT ON FEBRUARY 25, MAKING CLEAR THAT THE IRANIAN INITIATIVE WAS, IN FACT, AN ABERRATION, THAT WE DO NOT SEE IRAN AS A WAVE OF THE FUTURE, AND THAT WE HAVE REINSTITUTED OUR ACTIVE OPPOSITION TO THE SUPPLY OF ARMS TO THAT COUNTRY.

- WE ARE NEUTRAL ON THE IRAN-IRAQ WAR AND DELIVER NO ARMS TO EITHER SIDE. WE ARE WORKING WITH FRIENDLY GULF GOVERNMENTS BOTH TO DETER IRANIAN EXPANSION OF THE WAR AND THREATS AGAINST OTHER STATES, FREEDOM OF NAVIGATION AND THE FREE FLOW OF OIL. TO THAT END, WE HAVE ENHANCED OUR NAVAL PRESENCE IN THE AREA, WARNED THE IRANIANS ON SILKWORM MISSILES, AND OFFERED TO PROTECT KUWAITI TANKERS. WE ARE ALSO WORKING ACTIVELY IN THE U.N. SECURITY COUNCIL TO BUILD AGREEMENT ON A RESOLUTION THAT WOULD IMPOSE A MANDATORY ARMS EMBARGO ON THE PARTY NOT READY TO ACCEPT A CEASEFIRE, WITHDRAW TO INTERNATIONAL BOUNDARIES, AND NEGOTIATE A SETTLEMENT.

- IN THE ARAB-ISRAELI CONTEXT, WE HAVE ADOPTED A TWO-TRACK APPROACH. IT IS AN APPROACH THAT RECOGNIZES THE DANGER OF DRIFT AND THE ABSENCE OF HOPE. FUNDAMENTALISTS AND RADICALS PREY ON DESPAIR; THEIR RESPONSE IS TO CALL FOR VIOLENT STRUGGLE AND CONFLICT. WE ARE DETERMINED TO HELP CREATE A DIFFERENT FUTURE IN THE MIDDLE EAST. WE ARE DETERMINED TO

TAKE ADVANTAGE OF IMPORTANT PSYCHOLOGICAL CHANGES IN THE REGION--CHANGES REFLECTED IN THE ALMOST ROUTINE WAY IN WHICH THE ARAB WORLD AS A WHOLE RESPONDED TO THE PERES-HASSAN AND PERES-MUBARAK MEETINGS.

- OUR TWO-TRACK APPROACH IS DESIGNED TO PROMOTE THE QUIET BUT REAL PROGRESS THAT IS BEING MADE TO BUILD ARAB-ISRAELI COOPERATION IN THE WEST BANK AND GAZA. IT IS ALSO DESIGNED TO EXPLORE ACTIVELY AND CREATIVELY THE POSSIBILITY OF GETTING A BROADER NEGOTIATING PROCESS STARTED.

- IN ORDER TO HELP JORDAN, ISRAEL AND REASONABLE PALESTINIAN LEADERS ON THE WEST BANK AND GAZA, THE PRESIDENT HAS ORDERED THAT \$30 MILLION BE SQUEEZED OUT OF THIS YEAR'S BUDGET TO GIVE A NEW IMPETUS AND GREATER MEANING TO THE QUALITY OF LIFE PROGRAM--A PROGRAM TO BUILD HOPE AND TO LAY A BASIS OF COOPERATION BETWEEN PALESTINIANS AND ISRAELIS. THE APPOINTMENT OF ARAB MAYORS AND THE ESTABLISHMENT OF AN ARAB BANK ARE IMPORTANT PARTS OF THIS EFFORT. GIVEN THE DISTURBING POLITICAL AND DEMOGRAPHIC TRENDS IN THE OCCUPIED TERRITORIES, IT IS ESSENTIAL THAT PALESTINIANS THERE GAIN A STAKE IN SOMETHING POSITIVE AND BELIEVE THAT A BETTER ECONOMIC AND POLITICAL FUTURE IS POSSIBLE. THIS IS ALL THE MORE URGENT AFTER THE ALGIERS MEETING OF THE PNC, AS THE 20TH ANNIVERSARY OF THE OCCUPATION APPROACHES, AND WE SEE SIGNS OF STEPPED-UP PLO TERRORISM AGAINST ISRAEL.

- WITH RESPECT TO THE BROADER NEGOTIATING PROCESS, LET ME SAY SOMETHING ABOUT OUR VIEW OF PEACE AND HOW IT CAN BE ACHIEVED. WE KNOW THAT PEACE CANNOT BE IMPOSED OR BE ACHIEVED INSTANTLY, AT A SINGLE MEETING. IT CAN ONLY COME GRADUALLY, THROUGH THE GIVE-AND-TAKE OF DIRECT, BILATERAL NEGOTIATIONS.

- IN THIS SPIRIT, WE HAVE BEEN EXPLORING WITH OUR FRIENDS WHETHER IT IS POSSIBLE TO STRUCTURE AN INTERNATIONAL CONFERENCE THAT WOULD PRODUCE SUCH NEGOTIATIONS, WOULD NOT INTRODUCE FURTHER DISRUPTIVE ELEMENTS INTO THE REGION, OR IMPOSE ITS VIEWS UPON THE PARTIES. INSTEAD IT WOULD LEAD RAPIDLY TO DIRECT NEGOTIATIONS AND OVER TIME TO A PEACE SETTLEMENT BETWEEN ISRAEL AND ALL OF ITS NEIGHBORS.

- IN RECENT WEEKS, THIS PROCESS OF EXPLORATION HAS PRODUCED WHAT WE BELIEVE TO BE SIGNIFICANT PROGRESS. MUCH REMAINS TO BE DONE, AND AT THIS POINT THERE IS NO CERTAINTY OF THE OUTCOME. WE WILL PERSEVERE EVEN IN THE FACE OF THE INEVITABLE UPS AND DOWNS OF SUCH A PROCESS.

- WE WILL CONTINUE OUR EFFORTS, BECAUSE AN OPPORTUNITY TO MOVE CLOSER TO THE REALITY OF PEACE MIGHT BE LOST OTHERWISE. WE KNOW THAT PURSUING THIS EFFORT WILL NOT BE EASY FOR THE PARTIES INVOLVED -- OR FOR THOSE WHO TRY TO HELP THEM. WE

KNOW ALSO AND APPRECIATE HOW ANY SUCH EFFORT MAY TRIGGER DEBATE--IN ISRAEL, IN ARAB STATES, IN THE UNITED STATES. IT SHOULD, SINCE THE ISSUES OF WAR AND PEACE ARE SO IMPORTANT. IT HAS CERTAINLY HAD THAT EFFECT RECENTLY IN ISRAEL. (I UNDERSTAND THAT THE AJC IS ALSO DEBATING THIS ISSUE). WE ARE NOT BLIND TO THAT DEBATE OR THE ISSUES OVER WHICH IT IS BEING FOUGHT. WE WANT TO SEE PEACE FOR ISRAEL BUT WE WILL NOT TAKE SIDES IN INTERNAL POLITICS.

-- IT IS NOT FOR THE UNITED STATES TO DECIDE ISRAEL'S COURSE AND ISRAEL'S FUTURE. THAT IS FOR ISRAELIS TO DECIDE. FOR OUR PART, WE ARE PREPARED TO CONTINUE OUR EFFORTS WITH BOTH PRIME MINISTER SHAMIR AND FOREIGN MINSITER PERES.

-- PEACE IS OUR OBJECTIVE, AND WE KNOW IT IS ISRAEL'S ALSO. WE WILL DO ALL WE CAN TO PROMOTE IT. THE PRESIDENT STANDS READY TO HELP AND I CAN TELL YOU THAT THERE ARE FEW ACHIEVEMENTS MORE IMPORTANT TO PRESIDENT REAGAN THAN THAT OF CONTRIBUTING TO GENUINE PEACE BETWEEN ISRAEL AND HER NEIGHBORS.

PR NO. 109
May 18, 1987

SPEECH AND Q&A SESSION
THE HONORABLE GEORGE P. SHULTZ
SECRETARY OF STATE
BEFORE
AMERICAN ISRAEL PUBLIC AFFAIRS COMMITTEE (AIPAC)
WASHINGTON HILTON HOTEL
WASHINGTON, D.C.
May 17, 1987

(Introduction and sustained applause)

Thank you all very much. I appreciate it. Thank you. Thank you very much.

At approximately 2:10 p.m., Washington time, the United States Navy frigate, the U.S.S. Stark, was hit by two missiles fired from an Iraqi F-1 Mirage aircraft. At the time of the attack, the Stark was located about 70 miles northeast of Bahrain. The ship at last report was dead in the water, and the entire crew was being taken off. There have been serious casualties.

The United States regards this attack with grave seriousness. The President was informed at once, of course, and is following the situation closely. I've been in touch with Secretary Weinberger, White House Chief of Staff Baker, and National Security Adviser Carlucci.

We have called in the Iraqi Ambassador here in Washington and issued the strongest protest and demanded a full accounting. Our Ambassador in Baghdad has been instructed to deliver our protest there, and we are in continuous contact with our Embassies in Baghdad and Bahrain.

This event underscores once more the seriousness of the Iran-Iraq war, not only to the countries directly involved, but to others. It shows how easily it escalates, and it underlines once more the seriousness of the tensions that exist in the Middle East, and the importance of trying to do something about them.

But I want to assure you, my fellow Americans, that we take this event with the utmost seriousness. We know the source of this missile that hit our ship, and we demand a full accounting, and as we have more information, of course, we will be meeting on it and seeing what further action may be necessary.

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

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

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

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

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

It's a changing world. We're moving into a new age, and it can be our age if we're willing to engage in it, because it's an age based on openness and freedom, on knowledge, on information that's widely shared and moves around, a genuine information

age, knowledge age. So here are some of the things that I think we have learned that are going to characterize the world ahead of us if we play our cards right.

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

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

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

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

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

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

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

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

We also see abounding in this country a kind of self-righteous moralism which also leads to withdrawal rather than involvement. I'll stand here with anybody and denounce apartheid. There is nothing good to be said for it, at all! (Applause) So we know what we're against in South Africa, and we know what we're for -- a different kind of governmental structure where everybody has a chance to participate. But it doesn't make any sense -- I don't think -- to say because we don't like it, and we think there should be change, therefore we should disengage ourselves and go away. On the contrary, we should stay there. We should state our views. We should work for our views. We should be engaged, not throw up our hands in self-righteous moral indignation and leave, which is what is happening to us right now. (Applause)

Now, probably you knew I'd get around to money sooner or later. But let me tell you what is happening to our foreign affairs budget. This is the money that we use to support our

security, our prosperity, our ideals, to fight terrorism, to fight drug trafficking, to represent ourselves around the world. Here's what's happened to it.

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

The Congress is now jockeying around in the budget resolution process with numbers approximating \$16 billion. 23, 16. Now, there has been inflation here, and there has been a big decline in the value of the dollar over that period, so it doesn't go as far. And running through that is about \$8 billion that doesn't get cut at all. I'm not saying it should get cut. Personally, I support those items, most particularly aid to Israel and Egypt. (Applause)

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

So we have a winning hand, but will we play it? I don't want to have America turn inward, and I'm sure you don't want to see that either. You know that this is a dangerous world. You recognize that the United States has enemies, that Israel has enemies, and that our adversaries will be quick to exploit any signs of American disengagement from our international responsibility, so let's not do it! (Applause)

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

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

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

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

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

Is the PLO qualified?

AUDIENCE: No.

SECRETARY SHULTZ: Hell, no! (Sustained applause) Let's try that on for size. PLO?

AUDIENCE: Hell, no!

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

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

How about the Soviet Union?

AUDIENCE: No. No.

SECRETARY SHULTZ: Could it be a constructive presence?

AUDIENCE: Hell, no.

SECRETARY SHULTZ: Yes. It could be. (Laughter) And there have been some interesting developments recently, but are they now a constructive presence?

AUDIENCE: No.

SECRETARY SHULTZ: No. Look what they do. They encourage the PLO to turn ever more radical and rejectionist. They align themselves with the worst terrorists and tyrants in the region. They refuse to re-establish diplomatic recognition to Israel. Their treatment of Jews and the practice of the Jewish religion in the Soviet Union is not acceptable by any standard, let alone the Universal Declaration on Human Rights and the Helsinki Final Act, to which they are bound by their own signature. (Applause)

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

King Hussein has qualified himself. He is serious and committed to peace. He has rejected the rejectionists. He has stated his readiness to pursue -- these are his words -- "a negotiated settlement in an environment free of belligerent and hostile acts." He has dealt straightforwardly with Israel. He has courageously established relations with Egypt, enhancing the welcome process by which Egypt's role in the Arab world grows even as Egypt solidifies its peace with Israel.

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

Now, let me say a little more, from the standpoint of the United States, what we are for and what we make of all this. First of all, we are for a strong Israel, and for the strongest, permanent link possible between the United States and Israel. (Applause) We believe, among other things, that the underpinning of movements toward peace is to make it crystal clear to everybody that there is no military solution as far as the enemies of Israel are concerned. They can't get there that way. (Applause)

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

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

We are for the effort to achieve real improvement in the quality of life on the West Bank and Gaza. This program has made progress in recent years. It draws sustenance from the diplomatic activity in the peace process and contributes to creating an atmosphere in which negotiations can take place. And we consistently stand for the principle that the only reliable way to achieve peace is through face-to-face negotiations between Israel and its Arab neighbors.

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

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

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

But important developments have in fact occurred that have led us, consistent with our established policies, to look carefully at the idea of an international conference. I say carefully, cautiously, skeptically, but nonetheless with open minds and willing spirits. The answers are worth working through, even if this idea fails, like so many others on which we have worked. No one should ever be able to claim that a failure to advance the cause of peace resulted from the lack of effort on the part of the United States. (Applause) For any approach to warrant consideration, we would have to insist that, in

addition to leading promptly and directly to face-to-face negotiations, it also would not interfere with, impose its will on, or veto work of the bilateral negotiating parties; include Palestinians in the negotiations, only in a Jordanian-Palestinian delegation; (applause) and require all of the negotiating participants to accept UNSC Resolutions 242 and 338, and to renounce violence and terrorism. (Applause)

Now, sometimes in our policy about the PLO, we use the words, "and recognize Israel's right to exist." Frankly, I cringe a little bit when anybody says that or when I say it, although it is part of our policy. Of course, Israel has a right to exist. It exists. It has a right to prosper. It has a right to peace. (Applause)

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

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

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

And, of course, I think we also need to remind ourselves, as the statement I made at the outset underlines, that a lack of progress has its own dangers, including increased and deepening bitterness and the continued and potentially explosive tension that we know is there in the region. I believe that as we look at this, as I said, carefully and skeptically, we need to take out an insurance policy, in terms of the close working relationship which is there between Israel and the United States, as long as we agree on that basic structure -- and we're ready to walk away from the idea or walk away from a conference, if it fails -- then, we can pursue this road

without too great a risk. But we can only pursue it if we are able to do so in partnership with the Government of Israel, and we will make no moves unless we are assured of that.

So let me summarize the present initiative accurately. The President and I are not committed to an international conference, and we are not asking others to commit themselves now to the idea. We believe, however, that Jordan is sincere and that a real opportunity has been presented for progress. We are not interested in disrupting Israeli politics in the process. To the contrary, as I said, we will proceed only with the support of the Government of Israel. We have our own views, however, and we will state them in the same spirit in which we have worked with Israel for many years. We believe the present circumstances clearly call for a fair and thorough effort to develop an acceptable plan, however dubious we may be of the general idea. If no acceptable understanding emerges, so be it. We will try again another way, but let us try. Let us use our ingenuity and courage so that we accomplish whatever progress toward peace is achievable.

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

Thank you.

(Applause)

MR. EDWARD LEVY: (Moderator) Mr. Secretary, thank you very, very much. We've asked that this audience put down some of their questions on three-by-five cards, and if you could get them to AIPAC staff, who are going up and down the aisles now, as fast as possible. I have one in-hand already.

In this climate of budget austerity, foreign aid is an unpopular program even in the best of times, and you've described it as being brutalized. What, sir, is this Administration doing to neutralize or reverse this alarming trend? What will you and the President be doing to get out the vote for foreign aid this year?

SECRETARY SHULTZ: First of all, I have been doing what I've done here. I regard it as our number one foreign policy problem, and I've been trying to tell the American people about it so that they know what's happening. When you cut to the degree that this budget has been cut, it is all out of proportion to what's happened to any other parts of the budget. The amounts, of course, are large by any standard other than the Federal Government's, but we're talking about a budget of a trillion dollars or more. So it isn't large -- you're not going to solve the deficit problem by these cuts. So we're explaining it. We're working with Members of the Congress on it.

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I am somewhat encouraged that, nowadays anyway, I find people say, yes, we think you're right on the merits but somehow we're going to have to punish you by cutting it. I think we have to get out of the habit of calling this "foreign aid," Tom, because that implies that what we're talking about is a bunch of money that we're handing over to some other countries, sort of left over for them to do whatever they want with it. I think this money goes for our security, first of all. It helps us that Israel is strong. It helps us that we have countries around the world that are friends and allies and are willing to have us have bases in those countries. It helps our forward security in defense. So these are payments that go with that. It helps us if the world economy is prosperous. It helps us, and it helps our friends, when we see democracy expand, as it has in our hemisphere, as it has in the Philippines, and as we see people experimenting with more forms of freedom around the world. That helps us. That's good for the United States.

It's important for the United States that we fight terrorism. It's important for the United States that we fight drug-trafficking. And, remember, the terrorists and the drug-traffickers are aligned. The drug-traffickers provide the money -- and they have lots of it -- and the terrorists provide the muscle. It's an unholy alliance, and we have to fight it. We can't do it without resources. (Applause)

So I'm a preacher for the importance, particularly in the kind of world that we can see out ahead of us, with the opportunities that it has and the problems, and how small a world it is, that the United States has to be there. It has to be engaged; it has to take its responsibilities seriously.

So, help, Tom.

(Applause)

QUESTION: Well, as you know, this organization is totally dedicated to passing a full foreign aid budget that includes full funding for Israel and Egypt.

Several questions have come up, Mr. Secretary, about a proposed arms sale to Saudi Arabia that AP ran across the country on Saturday, and it appeared in the Saturday newspapers, and probably today as well. Since an arms sale of F-15 fighters may serve Saudi Arabia's short-term interests with respect to the Gulf war, isn't it, though, a potential long-term threat to Israel? And are there any alternative policies that the United States could pursue that serves Saudi interests in the Gulf but does not threaten Israel in the long run? (Applause)

SECRETARY SHULTZ: I think that it is in our interest to make these sales to Saudi Arabia. Otherwise, I wouldn't be supporting them. And they're structured in a way that we believe protects the Israeli interests. Now, what is involved here is a level of F-15s, basically, of, I think, 60 airplanes.

and a commitment basically to see to it that Saudi Arabia is able to maintain that level of inventory. That's what they need. They aren't adding to it. But planes are damaged, or they crash, or your inventory goes down and you have to replace it. And so there is a proposal to sell airplanes to provide that replacement.

The Saudis will buy them, and what will actually go over to Saudi Arabia is what is necessary to keep up the inventory that they already have, and which I think they need. It's not adding. It's a matter of maintenance of what's there. And what they don't need will stay here. If they go below the level, then more planes go over there. So it isn't as though it's some big, new thing that's being done; and we think that we should do it. And, certainly, the tension in the Gulf, and the stability that Saudi Arabia is able to provide -- because it does have some advanced aircraft -- is helpful to us. There's no question about that. So that's why I favor it.

QUESTION: Several questions about peace, and the peace conference -- international conference. What circumstances would you need to become personally involved in direct shuttle diplomacy between Israel and Jordan?

SECRETARY SHULTZ: I think that insofar as the President is concerned, he is ready to dispatch me whenever we think there is a reasonable prospect of doing something constructive. In order for that to happen, both governments need to think that it would be helpful and to ask. We can't want peace more than they do, or it's not so much wanting peace -- they all want peace -- but to want to exploit an opportunity more than they do. They have to want to have that happen, and then we can help to bring it about. So what we need is an invitation. But the invitation has to come from, obviously, King Hussein, speaking for Jordan, and for the Government of Israel, broadly conceived, and then we naturally will respond.

QUESTION: Shimon Peres said here this afternoon that Jerusalem is not negotiable. When will the United States recognize this and move its Embassy there? (Applause)

SECRETARY SHULTZ: The U.S. view is, and probably -- you're U.S. citizens, you may not necessarily share the view of the U.S. Government here -- but our view is that all of the territories that were taken and occupied by Israel are subject to negotiation. As far as Jerusalem is concerned, we also have the view that there needs to be -- our sense going in -- a unified Jerusalem, not cut up so we're not going back into two Jerusalems. But insofar as the nature and status and arrangements in that city is concerned, we think that in the end it has to be a matter of negotiation. It's one of the many items. Now, not everybody agrees on that, but that is our position.

The same with the Golan Heights, and the same with the West Bank. That's what you have to sit down and talk about when you get to direct negotiations. I'm sure you realize that if we ever get to that point, there are Arabs who feel that they have a legitimate right to access to holy places and to being part of a process of what goes on, at least, in some parts of Jerusalem. So, at any rate, our position is that this is a subject for negotiation.

QUESTION: I'll make this the last question. But before I do so, please stay put until the Secretary leaves. Then, leave through the back doors. Otherwise, we're going to have to go through a whole different security complex. Bob Asher will make some announcements before you leave.

Mr. Secretary, the pile on my table where I was sitting is basically about the international conference. It's about foreign aid, questions about the frigate that was hit. But there are a series of question about you. And, obviously, there is a certain magic going on between the AIPAC membership. I hope others of our brethren across the country, with you. Have you ever thought -- would you consider -- running for President of the United States? (Applause)

SECRETARY SHULTZ: Well, I appreciate very much --

(Sustained applause)

SECRETARY SHULTZ: I appreciate very much the question and its obviously supportive tone, (Laughter) and I know that you all recognize that in my dealings with AIPAC and my dealings with the many other groups from the Jewish community that come and call on me and that I have the privilege of consulting, that I always speak as candidly and directly as I know how. If that means that I have an answer to a group that they don't necessarily agree with, I feel I have to say what is my honest answer. Then, if they have something that they agree with, I don't mind saying either. So, in that spirit, I have to give you a one word answer: No.

(Standing Applause)

I appreciate the questions. I'm sorry I can't stay here for an hour or two and answer them, but I can't. Questions are very informative for me because they give me an idea of what's on your mind and how you see things. So I'd ask Tom if he would just give me that big stack, and I'll look through them. And who knows, I might even learn something.

Thank you.

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Soviet Use of Active Measures



United States Department of State
Bureau of Public Affairs
Washington, D.C.

Following is an address by William J. Casey, Director of Central Intelligence, before the Dallas Council on World Affairs, Dallas, Texas, September 18, 1985.

I am pleased to have this opportunity to speak to the Dallas World Affairs Council. We are all concerned about nuclear and conventional war, about subversion and insurgency around the world, about the undeclared war without borders which we call international terrorism. Today, I'd like to talk to you about another kind of war, which I will call the psychological war waged against the free world by the Soviet Union and its allies. The weapons in this war are documents, distortions, and forgeries. The battlefield is in the minds of people the world over.

In the intelligence community we borrow the Soviet term "active measures" to describe one of the weapons used in this struggle. The term itself—active measures—is descriptive of the aggressive character of these techniques. Most of these active measures are not new. Many of them were employed by Lenin and Stalin and by others throughout history. At no time in this century, however, have these techniques been used with more effect or sophistication than by the current Soviet state and its allies, notably Cuba and Nicaragua.

Campaigns of this kind strike at the very heart of Western governments, which rely on an informed electorate

engaging the true substance of the issues which confront our nation. Such campaigns are easily recognized and can be defeated, but the effort to do so has to be commensurate with the Soviet effort.

Right now we and our allies face a war of nerves, a propaganda campaign likely to assume unprecedented proportions as the Soviet leaders try to exploit our open societies to undercut our using our advanced technologies to defend ourselves against an ever more threatening Soviet missile force.

Active Measures

Political Influence Operations. How do they do it? First, there is the "political influence operation," using respected individuals to spread the Soviet viewpoint through person-to-person contacts. For example, a respected Danish journalist worked as a clandestine agent of influence of the KGB for several years. A few years ago, he persuaded over 50 prominent Danish personalities to sign a newspaper advertisement supporting a Nordic nuclear-free zone. None of the signatories was aware of his connection to the KGB or of the source of funds for the newspaper ads he was sponsoring.

Often official and unofficial organizations in Soviet-bloc countries sponsor targeted individuals for all-expenses-paid

visits, where they can be wined and dined and provided with properly selected facts and figures. For example, 17 Costa Rican legislators recently spent a week in Cuba as guests of the Castro regime. Their visit was highlighted by a lengthy interview with Castro. Upon their return home, several members of the delegation made highly favorable comments to the press about Castro and his policies. These were immediately seized upon by *Radio Havana* to promote the Cuban position on Central America and to pressure Costa Rica to resume normal relations with Cuba. Trips like this also offer the KGB and its allied intelligence services opportunities to collect information on the visitors—information that can be used later to manipulate and even recruit them.

Disinformation. Another important Soviet weapon is disinformation. This technique involves planting half-truths, lies, and rumors to discredit free world policies or individuals. Some American diplomats who were particularly effective in countering Soviet policies in their host countries have found themselves the victims of smear campaigns planted by local Soviet agents. The purpose is to undermine the diplomat's reputation with the host government. Sometimes the target is the U.S. Government itself, such as the ongoing campaign in India to link the CIA [Central Intelligence Agency] to the assassination of Indira Gandhi or recent allegations in the Nicaraguan press that the United States

planned to blow up its own Embassy in Managua in order to blame this act on the Sandinistas.

Disinformation efforts are projected and reinforced by media manipulation. The Soviets conduct a massive worldwide effort to manipulate foreign media, thus transforming portions of the press into an unwitting propaganda machine. For example, a newspaper in Latin America, which would not wittingly allow itself to be used as a propaganda organ, will reprint an article from an Indian paper accusing the United States of complicity in the death of Indira Gandhi. While the Indian paper is known locally to be Soviet connected, it is seen in Latin America as a respected element of a free press in a major Third World state.

Soviet media manipulation and disinformation benefit from the open character of the Western press. For example, in the case of the attack on the Korean Air Lines Flight 007, killing 269 innocent passengers and crew, the initial Soviet reaction was to deny that the civilian plane had been shot down. After a period of regrouping while world revulsion mounted, the Soviet Government used obscure Western publications to float the disinformation that the Korean airliner was on a U.S. spy mission. This remarkable story was noted by Western media along with the U. S. denial. Then Soviet-controlled media quoted the story, frequently out of context, sourcing it to respected American and West European newspapers. In this way the Soviet Union was able to generate the impression of broad international support for its version of the affair, thereby turning a "Soviet massacre" into a "spy plane incident."

There are countless other examples of misuse of the world press by the U.S.S.R. and its allies. One of the first things General Jaruzelski did in Poland was to launch a smear campaign in the world press tying Solidarity to U.S. labor organizations, thus seeking to discredit Solidarity as an instrument of foreign intervention in Poland.

The Sandinista government in Nicaragua has practiced disinformation since it came to power in 1979. A steady stream of invective aimed at members of the resistance who served in the armed forces under the Somoza regime has been intended to hide the fact that the resistance has a popular base made up primarily of *campesinos* and large numbers of former Sandinista leaders

and fighters. Many of them were young men in school in 1979, were impressed into the Sandinista army, and deserted to the anti-Sandinistas the first chance they got.

Soviet press manipulation in the Third World is enhanced by its two press agencies, TASS and Novosti. While the former is openly identified as an official Soviet news agency, the latter is listed as an "independent" news organization. Yet, the Novosti headquarters in Moscow contains a section of 50 KGB officers who work full time on disinformation programs. Often the Soviets will offer their news services to Third World countries free of charge. This can result in the elimination of high-priced Western press services from these countries—particularly when the local government discovers that it can get the sort of local press coverage it wants from the Soviet services without complaints about censorship and freedom of the press. The result, of course, is a system wherein the U.S.S.R. can plant a false story with a Third World customer about American plots against black freedom in Africa, for example, and then cite that story to yet another Third World press client elsewhere in the world.

These Soviet news agencies are supplemented by those of the bloc countries. For example, Cuba's contribution is out of all proportion to its size or importance. *Prensa Latina* broadcasts over 2,500 news dispatches on two national and 12 international radio circuits daily. These dispatches are available in Spanish, Portuguese, English, and French from 36 branch offices throughout the world. *Radio Moscow* is thus strongly supplemented by *Radio Havana*. No government in Latin America can equal the broadcasting service of *Radio Havana*.

The Soviets also use books as a vehicle for disinformation. Annually, Soviet publishers print hundreds of titles in a variety of languages and distribute them abroad, usually without charge, in hundreds of thousands of copies per edition. Novosti released a book in 1985 titled *The Crime in St. Peter's Square*. Among its more interesting items is the following, and I quote:

There are certain similarities between the attempt on the Pope's life and the assassination of President Kennedy in Dallas on November 22, 1963, in which, as is known, CIA men were involved (p. 20).

Yet another book released by Progress Publishers (Moscow) in 1983, *International Terrorism and the CIA*, levels the accusation that: "... state ter-

rorism has long become part of the foreign policy of U.S. imperialism..." (p. 14).

Forgeries. Forgeries, sometimes of the crudest form, are another widely used active measures technique. One recent example is a forged USIA [United States Information Agency] cable transmitting the text of a speech alleged to have been given by Jeane Kirkpatrick, then U.S. Ambassador to the United Nations. This speech purports to outline U.S. Third World strategy, including support for independence movements in several Indian states and territorial claims by some of India's neighbors. This proven forgery has, nevertheless, assumed a life of its own and has surfaced again and again. In India it is used as "proof" of American intentions to "balkanize India" and was even cited as providing the motive for the alleged U.S. role in the Gandhi assassination. Where these forgeries pretend to be U.S. Government documents, their format usually follows that of the genuine document. The Soviets have obtained copies of U.S. documents from various sources, including the burned and looted Embassy in Islamabad.

The Soviet effort to boycott the 1984 Olympics featured a forged letter from the American Ku Klux Klan sent to the Olympic committees of several Asian and African countries threatening their athletes with racially inspired violence. You will recall that "fear of violence against their athletes" was the excuse the Soviet bloc used for not participating in the 1984 Olympics.

Front Groups. The Soviets employ a wide range of organizations as tools in their active measures program. Among these are so-called front organizations which are created and funded by the KGB. Today, the largest Soviet "front organizations" include the World Peace Council, the World Federation of Trade Unions, and the World Federation of Democratic Youth. These organizations establish local chapters which act to support Soviet disinformation and media penetration efforts. They also provide international forums to create the impression of broad international support for Soviet policies.

The effectiveness of the front groups grows out of their pretense not to share communist ideological goals as they attempt to attract members from a broad political spectrum. In fact, many of the rank and file members as well as much of the general public may not be aware of the Soviet influence on the

group. When a group such as the International Association of Democratic Lawyers comes forward with a public statement questioning the legality of prosecuting the Bulgarian on trial for complicity in the assassination attempt on the Pope, how many people are aware that they are a Soviet front group responding to direction from Moscow?

International friendship societies are also sometimes used by the U.S.S.R. to further its disinformation efforts. They sponsor trips to Soviet-bloc countries. They sponsor festivals and banquets at Western colleges and universities. In all of these activities they support the spread of Soviet disinformation, the surfacing of forgeries, and rumor campaigns. In recent years, we have noticed an increasing tendency of the Soviets to cooperate more closely with noncommunist political groups and religious and academic organizations in an effort to co-opt and influence their political activities.

The Cuban Institute for Friendship Among Peoples constitutes one of the most effective such organizations in the Soviet bloc. This outfit claims to have chartered 113 local Cuban friendship societies throughout the world. It also sponsors "work brigades" from Western Europe and the Americas. These groups comprise mostly young, idealistic college students who perform symbolic labor—cane cutting, construction work, etc.—in Cuba for a short time. While there, they are praised lavishly in the press for their ideals and heroism and feted and propagandized.

Organization and Specific Campaigns

Perhaps the most important characteristic of the Soviet active measures program is its centralization and integration. There are three basic organizations responsible. Each of these organizations pursues its own programs—but these programs are carefully orchestrated and integrated into an overall campaign. The Soviet Communist Party's International Information Department is responsible for developing and overseeing the implementation of Soviet media campaigns. Another organ of the Communist Party, the International Department of the Communist Party, coordinates the activities of the various front groups and friendship societies, as well as the role of foreign communist parties. Finally, Service "A" of the KGB provides covert support to Soviet disinformation efforts. As I indicated earlier, the Novosti news agency headquarters in Moscow has a large KBG section. KGB officers often

work with, pose as, and co-opt journalists and academics in pursuit of Soviet disinformation goals.

All wars have individual campaigns, unique tactics, and strategic goals. Psychological war is no different. Some themes or campaigns are universal—such as the continuing campaigns to denigrate the United States, promote the concept of nuclear-free zones throughout the world (except in the Soviet bloc), and identify the United States with oppressive policies and governments in Africa, the Middle East, and Central America.

Many Soviet active measures programs are defensive in nature—that is, they are intended to protect the Soviet system. Thus, for example, the campaign to debunk the Bulgarian connection in the papal assassination attempt is intended to reduce the potential damage to Soviet and Bulgarian international images stemming from this event. A similar purpose motivated the Soviet campaign to accuse the United States of using Korean Air Lines Flight 007 as a cover for a spy plane. Likewise, most Sandinista disinformation programs have aimed at isolating the anti-Sandinista resistance from outside support.

On the other hand, some Soviet active measures campaigns are intended to accomplish specific foreign policy goals. For example, the Soviet Union has pursued various active measures to create an atmosphere around Rajiv Gandhi that will limit his political flexibility. This campaign has centered on arousing fears, distrust, and hatred toward the United States. Among the active measures in this campaign were a heavy press placement effort charging the United States with complicity in the assassination of Indira Gandhi and saying that the United States has long supported the Sikh separatists. At the same time that the United States was being denigrated through covert press placements, the Soviet press was emphasizing the wonderful state of relations between India and the U.S.S.R. and praising Rajiv Gandhi as a politically mature statesman, without reminding India that only a few years ago Nehru and Mahatma Gandhi were both branded as lackeys of imperialism by Soviet propaganda. In cases such as this, active measures often constitute only part of an integrated campaign, which also includes military aid programs, the expansion of economic relations, high-level political visits, etc.

The "neutron bomb" affair was the most successful Soviet disinformation

campaign in recent years. Designed as a reduced-blast, enhanced-radiation artillery projectile, the enhanced-radiation weapon, if deployed, would have rendered useless the overwhelming Soviet and bloc armored force superiority in any West European theater conflict. Once labeled by the Soviets as "neutron bomb" and "the ultimate capitalist weapon, that destroys people and leaves buildings intact," the political cost of this weapon became too high for the NATO allies to sustain. Building on this success in blocking the modernization of NATO forces, the Soviets next undertook to block any response to their own massive deployment of intermediate-range SS-20 multiple warhead missiles. In this, they have enjoyed only partial success. Nevertheless, many now believe that the SS-20 deployments were in reaction to NATO nuclear efforts when, in fact, as you know, the truth is exactly the opposite.

It is clear that for them it is a high priority to in some way stop or limit President Reagan's Strategic Defense Initiative (SDI). The Soviets have the only working ballistic missile defense in the world in the system built around Moscow, which is authorized under the ABM [Anti-Ballistic Missile] Treaty. In addition to this, the Soviets have put themselves in a very strong position in missile defense. They have had thousands of engineers working on directed energy weapons and other defensive areas since before the ABM Treaty. In fact, a laser weapon program of the magnitude of the Soviet effort would cost roughly \$1 billion per year if carried out in the United States. In laser technologies, they are in a comparable or highly competitive position with the United States. In particle-beam and microwave technologies, they may have the edge in some important areas.

These Soviet efforts are under the leadership of some of their finest scientific minds. The most vocal Soviet scientists lobbying against the U.S. Strategic Defense Initiative have themselves been heavily involved in Soviet research required for strategic missile defense.

The Soviets are also upgrading their antiballistic missile deployments at Moscow. This develops launchers, radars, and production lines—which could give the Soviets a running start to extend missile defense elsewhere in the Soviet Union.

The Soviets have, in violation of the ABM Treaty, built a radar in Siberia which, together with other large radar installations built for the authorized missile defense in Moscow and for other tracking purposes, will provide a much-improved capability for ballistic missile

early warning attack assessment and accurate target tracking. These radars could provide the kind of support necessary for a nationwide ABM defense. The scientists who are telling the West that SDI will not work and is threatening to the peace continue to be engaged in research, testing, and deployment of missile defenses, some of which are authorized by the ABM Treaty, some of which go beyond it.

For the past 2 years, the U.S.S.R. has been developing one of its most intense active measures programs ever in reaction to President Reagan's Strategic Defense Initiative. Their campaign has been aimed at frightening our NATO allies into believing that SDI means the withdrawal of the U.S. nuclear umbrella—ironic, given the fact that the nuclear umbrella protects Western Europe from Soviet nuclear blackmail. The anti-SDI campaign simultaneously seeks to encourage European and American antinuclear groups to view the SDI program as threatening an increase in the nuclear arms race, when, in fact, it promises the opposite.

The Soviet anti-SDI disinformation campaign has dramatically increased its tempo since the announcement of the Reagan-Gorbachev meeting set for this fall. The campaign has moved into the economic arena, raising fears of a "brain drain" from Europe if the United States begins to spend heavily on SDI research. Soviet disinformation efforts have reached into the United Nations, seeking to align Third World countries against SDI with arguments such as this program will initiate a space weapons

race—consuming resources and funds that would otherwise be devoted to feeding and developing Third World countries. Today, there are news stories and position papers purporting to show that the American SDI program threatens the peaceful use of space by Third World countries and endangers their communications capabilities by infringing on Third World broadcast frequencies.

It is essential that you, ladies and gentlemen, understand what this intensifying campaign is intended to accomplish. The purpose of the current Soviet active measures campaign is to limit President Reagan's political flexibility in dealing in bilateral discussions and arms control negotiations. Its tactical goals are designed to mobilize opposition to President Reagan's defense program—and particularly SDI—among our allies and in our country. This campaign attempts to bring the widest range of economic, moral, political, and international pressures to bear on the President in an effort to force him to restrict some or all of his SDI program. And this at a time when the Soviets are increasing their own strategic defense efforts.

It is important for you to understand that Soviet active measures campaigns will not soon end. They will shift focus, but we will continue to be confronted by a centrally coordinated, well-funded, and well-staffed overt and covert attempt to manipulate our perceptions and decisions.

The U.S. Defense

Finally, what can we do about it? Our best defense against it is to tell the truth about the attempt to manipulate

us. If people really understand the Soviet use of active measures as a significant instrument of policy, they stand a good chance of not being manipulated. "The truth," as we have inscribed on our building at Langley, "shall make you free." That is why, about 6 years ago, the U.S. Government began to release considerable information about Soviet active measures and why the Reagan Administration several years ago created an interagency group chaired by the State Department to provide people throughout the world with information on this aspect of Soviet behavior.

And that is what I am seeking to do today. Like President Reagan and all Americans, I hope that we will be able to negotiate meaningful, verifiable, balanced arms control and disarmament negotiations. I want to see a reduction of tension and the resolution of conflict wherever it exists.

But we have to keep on telling it like it is to the American public and to the people of the world if we are to preserve freedom in the institutions we all cherish. It is precisely in this that educational organizations such as yours make an outstanding and critical contribution to our nation and its security. ■

Published by the United States Department of State • Bureau of Public Affairs
Office of Public Communication • Editorial Division • Washington, D.C. • November 1985
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The Relation of Japan's Economic Inefficiencies to Its Balance of Trade



United States Department of State
Bureau of Public Affairs
Washington, D.C.

Following is an address by Allen Wallis, Under Secretary for Economic Affairs, before the Japan Society, New York City, October 18, 1985.

The Japan Society is known as the premier organization in this country concerned about Japan and our relationship with that important Pacific power. You must, therefore, be concerned, as I am, about the current debate on trade and what it may portend for the future of relations between the United States and Japan. So I thank you for this opportunity to discuss that subject with you.

For years there have been problems about our trade with Japan. What is new and dangerous today is the intensity and emotion with which trade problems are viewed by many Americans. Concern about our trade relationship comes at a time when our bilateral deficit with Japan and our global trade deficit both are at record levels.

Even though we have a number of legitimate grievances about restrictions on our access to Japanese markets, I believe that it is the size of our deficit with Japan, more than any specific problems, that is driving the debate on Capitol Hill today. If that is correct, opening access to Japan's markets will not be sufficient to lower the temperature on the Hill, because opening access to markets will have little effect on our balance of trade with Japan. At best, opening access will simply redistribute our trade deficit among countries and among products. Our total payments deficit is essentially equal to the amount

by which total investment in the United States exceeds our domestic savings. Similarly, Japan's payments surplus equals the amount by which her domestic savings exceed total investment. That is why the Japanese Government is taking steps to expand the demand for investment in Japan, something which we enthusiastically endorse.

Even though opening access to markets will do little to redress the balance of payments, it nevertheless is extremely important. One reason is economic; another is political.

Economically, opening access to Japan's markets will make trade between the two countries more beneficial to both. It will enable each to specialize in those goods and services where its comparative advantage lies and trade them for the goods and services in which the other country has a comparative advantage. By this specialization and trade, each country gets more of all the traded commodities than if it had produced them only at home.

For political reasons, also, we must work to open foreign markets to our goods and services, not just Japanese markets but all markets, if we are to succeed in keeping our markets open. The protectionist mood in the United States is at its strongest point in years. When a company has a product that foreigners would like to buy if they could, but they can't buy it because of barriers erected by the government of those potential buyers, the would-be exporters are irritated, if not downright infuriated. And the reaction is intensified if exporters from other countries

have far freer access to our markets than we have to theirs. Over 300 protectionist measures have been introduced in the Congress this year, many aimed at Japan.

As this group knows well, opening Japanese markets has been a primary goal of U.S. trade policy for years. Indeed, there are many people on both sides of the Pacific—government officials, lawyers, lobbyists, and journalists—who have made careers out of our trade problems. But Japan is a special focus of congressional and public attention today because our bilateral trade deficit with it is the largest we have ever had with any country and because Japanese consumer products are so visible in our streets and homes. The demands for protection from foreign imports, therefore, usually include specific calls for action to "get tough" or "retaliate" against Japan.

The most frequently cited statistic in U.S.-Japan trade relations is the size of our bilateral trade deficit—\$37 billion last year and a "guesstimated" \$50 billion this year. As the doomsayers like to point out in ominous tones, this is the largest trade deficit we have ever had with any country in history. There are many other figures, of course, that also are the highest in our history—our GNP [gross national product], the number of Americans with jobs, and our exports to Japan.

Less noted is the growing imbalance in the ratio of trade between our two countries. In 1981, Japan exported twice as much to us as we exported to them, but today Japan sends us nearly three

times as much as we send them. Japan is growing more dependent on the United States as an export market. While we received only 25% of Japan's exports in 1981, today over one-third of Japanese exports come here.

Japan as a Success Story

Many of you are old enough, like me, to remember when "made in Japan" was a synonym for "shoddy" and Japan had difficulty selling its products abroad.

In 1958, the *Economist* in London published the first of its periodic surveys of Japan. The *Economist* was concerned about the viability of Japan's economy. "Japan has to find a way of paying for a 10% rise in imports every year, in order to keep the economy expanding at the required speed," the *Economist* said. But to do so, Japan "will have to export roughly twice as much as it does now, to a world that appears increasingly unwilling to help it do so."

This, of course, was the thesis that was drummed into the head of every Japanese above kindergarten age: Japan had to export to live. It had to earn foreign exchange to buy food, oil, raw materials, and capital equipment. In the same year, 1958, the U.S. Tariff Commission said:

Japan's ability to maintain a viable economy is, of necessity, dependent on maintenance of an expanding volume of foreign trade, and its choice of trading partners will largely govern the composition of that trade. The choice, however, will be circumscribed by the willingness of various countries to receive the kinds of goods that Japan can profitably make. These countries, in turn, must consider the impact on their respective economies of receiving such goods.

In those days, the Japanese were running a trade deficit with us. John Foster Dulles had warned them just a few years earlier that, if they wanted to expand exports to correct that imbalance, they would have to look elsewhere in Asia because Japan did not make anything that Americans wanted. As the *Economist* pointed out, however, most of the countries in Asia to which Japan's chief hopes were pinned were still suspicious of Japanese intentions so soon after the war, and, anyway, the Asian countries were too poor to buy much. Japan was forced, therefore, to turn to America for an opportunity to earn the foreign exchange that it needed to survive.

So, notwithstanding John Foster Dulles' well-intentioned advice, the Japanese tried to make products that Americans would buy. It was difficult for Japanese companies at first. In 1957,

when Japan was still famous for dishes, stainless steel tableware, and \$1 blouses, Toyota shipped its first cars to the United States—288 of them—and sold them through five dealers. They cost \$2,300 each, compared to \$1,600 for a Volkswagen beetle. Toyota's own president says that the quality of his cars was so bad that they broke down frequently on American highways. I can testify from personal observation that they also broke down in droves on the Japanese mountain roads from Tokyo to Nikko. Toyota retrenched, let go half of its U.S. staff of 65 people, and waited nearly 8 years before it reentered the U.S. market in a major way. The rest is history—and current events.

It was during the 1960s that Japan transformed its domestic economy and became the great export machine that it is today. That story is well known and needs no elaboration. There is no denying Japan's success as an exporting nation. Japan produces many products of high quality that the world wants and at prices that it is willing to pay. The Japanese "economic miracle" is praised as a model for others to emulate. Many have emulated it: witness the rise of the "four tigers"—Korea, Hong Kong, Singapore, and Taiwan.

Japan has developed a very efficient export sector within its economy. Moreover, that sector has shown a remarkable ability to adapt to change. In the 1970s, Japan faced higher wage rates, higher prices for energy and other inputs, a more expensive yen, and new competition in low-wage goods from the "four tigers" and others. All of this meant the end of the economic and foreign trade structure that Japan had developed in the 1960s. Japan had developed what many called a "bicycle economy": it had to keep riding or fall off. To survive, Japan had to transform itself again, just as it had in the 1960s. Japan produced a new "industrial vision" of its future, and it moved from labor-intensive, low-wage industries to knowledge-intensive, high-technology fields such as computers, semiconductors, and telecommunications. In addition, its companies also made major investments and paid higher wages through productivity. Rather than watch its steel, automobile, shipbuilding, and consumer electronics industries migrate to lower wage countries, Japan tried to stay in the game by innovating and by producing products of better quality with high value added.

Today, Japan's large trade surplus with us and the rest of the world leads some people to say that Japan has not only succeeded but exceeded; the "bicy-

cle economy" has become a roaring motorcycle—even a jet airplane.

But what is the cost of this to Japan? Japan's trading relationships with many countries are endangered today. How stable are the economic and foreign trade structures that Japan has developed when they depend on consistent trade and financial surpluses and the good will of the rest of the world?

Internal Inefficiencies in the Japanese Economy

Japan's success in its export sector has created the appearance of a miraculously efficient economy. Notwithstanding that popular image, however, much of the Japanese economy is astonishingly backward and inefficient. It is ironic that Japan, which in its foreign trade has been so effective in directing its resources and talents into the most productive areas, has not allowed the same kind of efficiencies to operate in its domestic sector. A few examples:

Agriculture. America's farmers are five times as productive as Japan's and could provide food to Japanese consumers at a much lower cost. Yet they are prevented from doing so in many cases because of quotas and high tariffs. Many of the products that we are interested in selling—for example, wine, beef, citrus, and fruit juices—are marginal to the Japanese diet, and the economic impact on Japan's farmers of a more open market for these products would not be great. Rice is a bulwark of the Japanese diet, especially at the lower income levels, yet it sells there for about seven times the world price. Soybeans also sell for about seven times the world price. Because an inefficient sector is protected, the Japanese consumer pays the price, as does the Japanese economy as a whole.

Forestry and Paper Products.

Japan has no problem buying logs from us—in fact, they go in duty free—but if our sawmills, which are much more efficient than Japan's, cut those logs and process them into plywood or paper, Japan levies a high tariff on them. The result? Japanese houses and furniture are more expensive than they need to be. Every time anyone in Japan puts pen to paper or remodels his house, he is subsidizing an inefficient industry. A lumberman told me that he has seen many mills in Japan that are more primitive than any that have operated in this country in this century.

Retailing and Distribution. Japan's cumbersome distribution system raises the price of goods, especially imported

goods, and also restricts their availability. Japan's retailing law limits the size of stores, so even though a larger retailer could provide a greater variety of goods at a lower price, he can be prevented from doing so.

Depressed Industries. When industries in Japan become depressed, Japan moves to subsidize them by providing specific tax benefits and loan guarantees; it also protects a number of them by organizing cartels that bar lower priced imports. Industrial users, therefore, are forced to buy the more expensive products of an inefficient domestic industry. Today, 22 industries in Japan—most of them in such basic materials as petrochemicals, fertilizers, paper, textiles, and aluminum—are classified as depressed.

Buying Practices. Many Japanese companies prefer to buy products made by companies in their own "group" or with which they have been doing business for many years. I recognize that part of the reason for this has to do with the nature of Japanese society. But the result is that outsiders, whether foreigners or Japanese, are excluded, and this prevents the end-user from obtaining the best product at the best price. I recognize, also, that this practice has not been unknown in our own country, though deregulation, intensified competition, and foreign imports have reduced it to insignificance.

Financial Markets. Japan's postwar financial structure has taken the savings of the Japanese people and diverted them primarily into industrial investment. Today, Japan's companies are financing much of their investment from new stock issues and corporate profits. Yet Japan's high rate of savings continues, so the surplus has been moving overseas, lowering the value of the yen and expanding Japan's exports. Japan could put more of its savings to work at home. Yet its financial system does not effectively channel Japan's large savings into their most productive uses where they would bring most benefit to the Japanese people. We believe, for example, that there is an unfilled demand in Japan for consumer credit and housing loans—and, indeed, just this week the Japanese Government announced proposals to meet this demand.

The Relation of Japanese Inefficiencies to Our Trade Deficit

As I said earlier, the surplus in Japan's balance of payments is essentially equal to the excess of its domestic savings over its investment. Its savings are large, but because its economy, except for export industries, is generally inefficient, only part of those savings is invested in Japan. A large part of the savings is invested abroad, thus lowering the exchange rate of the yen against the currencies of those countries in which the savings are invested. Chief among the countries receiving the investments is the United States, because of the excellent returns and the prospects here. An important step toward reducing Japan's payments surplus is to raise the value of the yen, and an essential requirement for this is to increase the attractiveness of Japan to investors—both Japanese and non-Japanese investors. Increasing the attractiveness of investment in Japan requires drastic measures to reduce the inefficiencies that characterize much of the Japanese economy except for those conspicuously successful export industries.

This is the kind of "demand expansion," not fiscal deficits or public works, that will benefit the Japanese people and also reduce the trade imbalance—that is, expansion of the demand for investment in Japan.

Current Steps To Reduce Japan's Barriers to Imports

Many of the inefficiencies in the Japanese economy that I have described are in the areas that we have under discussion in our current intensive trade talks with Japan.

The basis of international trade is comparative advantage. A country should export what it is more efficient at making and import what it is less efficient at making. Japan is good at making cameras and consumer electronics and watches and cars; so we buy them, and so does the rest of the world. We are better than Japan at making satellites and wine and plywood and telecommunications switching gear. We believe that we should be selling more of these products in Japan. Japan enjoys essentially open markets here for products in which it has a comparative advantage, and this openness benefits both us and Japan. But Japan's home market has been excessively closed to those products and services in which our com-

parative advantage lies, and this closure reduces the economic welfare of both the United States and Japan.

We have been engaged since January in intensive trade discussions with Japan called MOSS—that stands for market-oriented, sector-selective. Prime Minister Nakasone and President Reagan agreed last January that, instead of approaching our trade problems in a piecemeal, barrier-by-barrier fashion, we should look at all barriers in an entire sector. We chose four sectors to start with—telecommunications, electronics, medical equipment and pharmaceuticals, and forest products.

Our goal in the MOSS discussions has been to identify and remove impediments to imports into Japan. We chose carefully four sectors in which we are competitive, in which we have good products, and in which we could sell more to Japan.

We have made important progress already, but both Japan and the United States recognize that much more needs to be done. We have done very well in the hard-wired telecommunications sector, though not yet in wireless telecommunications. We have made good strides in medical equipment and pharmaceuticals also, and we are moving forward in electronics. Progress in forest products, so far, consists only of enhanced hope.

Conclusion

There is a clear link between the inefficiencies in Japan's domestic economy and our trade imbalance. If we achieve open markets in Japan in these four MOSS sectors, as well as in other sectors that we have under discussion, it will not be the United States alone that benefits. Japan will benefit, too. Its consumers will benefit from lower prices and greater choice. Its companies will be able to buy products with better technology at more reasonable prices. Its economy as a whole would be more efficient if regulatory processes and approval procedures were reduced, and this would attract investments and would reduce the trade imbalance.

The benefits to Japan of a more open and internationalized economy will not be within its domestic economy alone. Japan's relations with the rest of

the world surely would improve, and calls for restrictions on Japanese imports would lessen.

Finally, Japan would make a major contribution to preserving the world trading system from which it has benefited so greatly and on which its own economic survival depends.

All of this is something that Prime Minister Nakasone, Foreign Minister Abe, Finance Minister Takeshita, and other leaders of the Japanese Government recognize fully. We applaud their

vision and courage in working for the internationalization and liberalization of Japan's markets.

Today, the United States is at the most important crossroad in trade policy since 1930. The decisions to be made in the next few months can shape our economic destiny for decades to come.

Japan stands at that crossroad, too. Together, we must work to ensure that both our countries continue to take the right path—the path that for the past 40

years has taken both our nations into an era of peace and unprecedented prosperity. ■

Published by the United States Department of State • Bureau of Public Affairs
Office of Public Communication • Editorial Division • Washington, D.C. • October 1985
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The Political Offense Exception and Terrorism



United States Department of State
Bureau of Public Affairs
Washington, D.C.

Following is a statement by Abraham D. Sofaer, Legal Adviser, before the Senate Foreign Relations Committee, Washington, D.C., August 1, 1985.

I am honored to appear before you to testify on the Supplementary Treaty Concerning the Extradition Treaty Between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland. This treaty was signed on June 25 and transmitted to the Senate on July 17.

This is my first appearance before this committee as Legal Adviser to the Department of State. Since my confirmation, I have had the pleasure of consulting with individual Senators on a number of issues before the Department. I look forward to ongoing development of this constructive working relationship.

The Supplementary Treaty and Terrorism

The supplementary treaty addresses a problem with which this committee is all too familiar: the difficulty of combating international terrorism. Nearly every day, a new terrorist assault occurs somewhere in the world. The object of such atrocities is to use terror and fear to attract media attention and to coerce

governments into capitulating to terrorist demands.

The public, both in the United States and in other civilized nations, is distressed and angry over the inability of governments to bring these criminals to justice. Indeed, many of our own legislators have expressed their impatience with the difficulties of capturing and punishing terrorists in foreign countries. This widespread frustration has given rise to calls for extreme measures to prevent terrorist acts of violence and to punish their perpetrators.

I share this sense of frustration. While we must resist demands that we—like the terrorists—act in disregard of the law, the Department of State, in cooperation with the Department of Justice and other Federal agencies, is committed to developing new tools to fight international terrorism effectively and in a manner consistent with our legal traditions and social values. Toward this end, the Departments of State and Justice, acting jointly, took the initiative to negotiate this supplementary extradition treaty.

The most important aspect of the supplementary treaty is that it explicitly identifies particular crimes—such as airplane hijacking and murder of diplomats—that may no longer be regarded as political offenses excepted from the extradition process that exists between the United States and its

historic ally, the United Kingdom. The supplementary treaty recognizes that terrorists who commit the specified, wanton acts of violence and destruction should not be immune from extradition merely because they believe they were acting to advance a political objective.

I will begin by reviewing the provisions of the supplementary treaty and their relationship to the existing U.S.-U.K. extradition treaty. I shall then discuss the origin and evolution of the political offense exception and the urgent need to implement a version of that doctrine in relations with the United Kingdom that advances rather than retards the human values and other interests historically served by international law.

Provisions of the Supplementary Extradition Treaty

The supplementary extradition treaty amends the extradition treaty between the United States and the United Kingdom, signed at London on June 8, 1972. The supplementary treaty contains four substantive articles. Article 1 addresses the political offense exception; article 2, the statute of limitations; article 3, the time limit within which documents must be submitted in sup-

port of an extradition request following a provisional arrest; and article 4, retroactive application of the treaty.

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Recent events underscore the wisdom of this provision. Within the last 2 months, U.S. citizens have been the victims of almost every one of the types of terrorist acts excepted by the proposed treaty. How would we regard the argument that the murders of Robert Stethem on TWA 847 or of the marine guards in El Salvador were "political offenses"? It is a shocking and disgraceful fact that criminals who commit these types of barbarous crimes against the citizens of other nations and manage thereafter to get to the United States are often able, under current U.S. law, successfully to invoke the political offense exception and, thereby, escape extradition. Worst of all, in many cases in which the exception can be successfully invoked under present law, the United States is unable to prosecute the terrorists involved because we lack jurisdiction for most offenses committed abroad. In such cases, the United States is limited to deporting such persons to some third country where they can continue to elude justice. The treaty amendment before you today would prevent such travesties of justice with respect to extradition requests between the United States and the United Kingdom.

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Article 4 provides that the supplementary treaty will apply to any offense committed before or after its entry into force; if the offense in question was committed before the supplementary treaty enters into force, it must have been an offense under the laws of both the United States and the United Kingdom at the time of commission. This is a standard provision in recent supplementary extradition treaties that the United States has concluded. Its purpose is to facilitate application of the changes effected by the supplementary treaty to prospective extradition requests for offenses committed in the past. The retroactive application of these procedural provisions is fully in accord with U.S. extradition treaty practice.

Articles 5 and 6 are technical provisions that provide for the territorial application of the supplementary treaty, for its ratification, and for its entry into force.

Origin and Evolution of the Political Offense Exception

The overbroad application of any concept, however enlightened, can lead to foolish and antisocial results. You will understand how the political offense exception has come to produce such results by examining its evolution and true purposes.

First, the political offense exception is, above all, an *exception*. The basic tradition of international law applicable with respect to fugitives from justice is one of cooperation between nations to enhance their capacity to maintain the lawful order and security on which all liberty ultimately depends. The oldest known document in diplomatic history—a peace treaty between Ramses II of Egypt and the Hittite prince Hittusili III, concluded in 1280 B.C.—provided for the exchange of criminals of one nation found in the territory of the other. This principle of cooperation in extraditing fugitives has survived to modern times.

The great 18th-century revolutions were based, in part, upon the notion that individuals have the right to engage in revolutionary political activity in pursuit of liberty. Those were times when today's democracies were ruled by kings and emperors, when universal suffrage did not exist, and when the mere open, verbal criticism of a ruler was frequently regarded as sedition or treason. In the wake of those revolutions, the emerging democracies of Western Europe did not want to surrender to foreign sovereigns revolutionaries who had committed offenses in those nations in the course of exercising their political rights. The Jacobean Constitution of 1793, reflecting this revolutionary spirit, declared that the French people "grant asylum to foreigners banished from their countries for the cause of freedom." The same sentiment gave rise to the seminal provision in the Belgian extradition law of 1833, which provided that a fugitive "shall not be prosecuted

or punished for any political offense . . . , nor for any act connected to such crime."

From its inception, the political offense exception has been applied without significant controversy to "pure" political offenses. Pure political offenses are those directly related to the security and structure of the state: sedition, treason, and the like. Governments and courts have had little trouble excepting these offenses from extradition. By contrast, application of the exception to "relative" political offenses has always been problematical. Relative political offenses are common, often violent crimes—such as murder and arson—whose perpetrators, nevertheless, claim immunity from extradition because their common criminal acts were allegedly committed in a political context or for a political purpose.

Claims of immunity from extradition based on "relative" political offenses have posed difficulties for civilized nations from the start. For example, in 1855, a Belgian court invoked the political offense exception to deny a French request for extradition of a fugitive who had placed a bomb under the railway over which Emperor Napoleon III was traveling. This decision led the Belgian legislature—the land in which the exception originated—to amend the 1833 extradition law to refuse to recognize as political offenses certain common crimes used by terrorists for political ends. The statute provided:

There shall not be considered as a political crime or as an act connected with such a crime an attack upon the person of the head of a foreign government or of members of his family, when this attack takes the form of either murder, assassination or poisoning.

The provision, known as an "attentat clause," gained widespread acceptance as a limitation on the political offense exception.

Courts have continued to grapple with the political offense exception through the years. For example, in 1891, Britain's Queen's Bench divisional court considered a Swiss extradition request for one Castioni, a fugitive who had shot and killed a State Council member in the course of an armed attack upon a municipal building. In a landmark decision, the justices held that a criminal act was not protected under the political offense exception if committed merely "in the course of" a

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Three years after *Castioni*, however, the British courts refined the doctrine. The French Government requested extradition of one Meunier, who had carried out bomb attacks on a crowded cafe and an army barracks. Meunier fought extradition by invoking the political offense exception. Justice Cave held that, for an offense to be judged political, "there must be two or more parties in the State, each seeking to impose the Government of their choice on the other." Meunier, the court found, was an anarchist who was the enemy of all organized society. Accordingly, he was not subject to the exception and was ordered extradited.

While *Castioni*, narrowly construed, may have made sense when it was decided, it makes no sense today to deny extradition to a nation such as Switzerland—with a democratic system of politics and a fair system of justice—of a man who willfully attempts to impose his will on the people through murder. If civilized society is to defend itself against terrorist violence, some offenses must fall outside the scope of the exception, even though they are politically motivated. The *Meunier* decision represents an early recognition that legal principles such as the political offense exception are based on the determination of sovereign nations to refuse, for humane or ideological reasons, to cooperate with other nations in the enforcement of criminal statutes. These principles do not create "rights" in the individuals that assert them. Each nation must decide how far to extend the doctrine based on its own values, and many have refused to shield from justice individuals who would destroy the freedoms and lives of others to gain political advantage.

Abuse of the Political Offense Exception

A few examples should illustrate how harmful and unacceptable decisions of other nations can be when they refuse to extradite Americans because of the political offense exception. In 1972, two American citizens, Holder and Kerkow, hijacked a domestic U.S. flight, extorted \$500,000 from the airline that owned the plane, and forced the pilot to fly to Algeria. They were indicted in the United States for aircraft piracy, kidnapping, and extortion. The U.S. Government requested that France extradite Holder and Kerkow to this country to stand trial. Although the crimes were extraditable offenses under the U.S.-France Extradition Treaty, a French court denied extradition in 1975. The court noted that, at one point in the skyjacking, Holden had demanded that the plane be flown to Hanoi. He later dropped that demand. Nevertheless, the court held that Holder's invocation of Hanoi demonstrated that he had acted out of political motive, bringing the crimes within the scope of the political offense exception.

Another egregious example of overbroad application of the exception resulted from the hijacking in 1973 by five U.S. citizens of a domestic flight. They demanded and received \$1 million in ransom for release of the passengers and then forced the plane to fly to Algeria. Two of the fugitives had escaped from prison, where they had been serving sentences for murder and armed robbery. The U.S. Government sought extradition of the five from Paris in 1976 to stand trial for air piracy. But a French court refused to extradite the fugitives. It accepted their claims that they had hijacked the plane to escape racial segregation in the United States and that the charges against them constituted political persecution. The court therefore held that the skyjacking and extortion were political offenses.

In my view, some recent decisions in this country have applied the political offense exception as expansively and unreasonably as it has been applied against us by some nations. These recent decisions all concern Provisional Irish Republican Army (PIRA) fugitives, but our objections to them are based on principle and have nothing to do with the PIRA or other particular movements.

One such case involved Desmond Mackin, a PIRA member sought for the attempted murder of a British soldier. In that case, a U.S. magistrate found that, at the time of the offense, the PIRA was conducting an armed uprising in the portion of Belfast where the crime was committed; that Mackin was an active member of the PIRA; and that the attack on the British soldier was incidental to Mackin's role in the PIRA's political uprising. The magistrate therefore denied extradition. The decision was later upheld on appeal to the district court, and, in a judgment of great significance, the Second Circuit Court of Appeals refused to disturb the lower court decision, holding that the refusal of a court to grant extradition requests in certain contexts is not an appealable order.

A second case involved Joseph Patrick Doherty, who blasted his way out of a prison in Belfast while awaiting a court's decision on charges including the murder of a British Army officer. Doherty was convicted of murder and other offenses 2 days after his escape and fled to the United States. The United Kingdom sought his extradition with respect to his conviction on charges of murder, attempted murder, and possession of firearms with intent to endanger life and on new charges relating to his escape. The latter charges included firearms offenses and inflicting grievous bodily harm on a prison officer. Based upon his review of Irish history and politics, a U.S. district judge concluded that a political conflict existed in Northern Ireland and that Doherty's offenses had been committed "in the course of and in furtherance of that struggle." The judge recognized that:

... it would be most unwise as a matter of policy to extend the benefit of the political offense exception to every fanatic group or individual with loosely defined political objectives who commit acts of violence in the name of those so-called political objectives.

He, nevertheless, drew an exception for the PIRA, after an analysis of its nature, structure, and the mode of its internal discipline, concluding that it has:

... both an organization, discipline, and command structure that distinguishes it from more amorphous groups such as the Black Liberation Army or the Red Brigade.

The judge thereupon declared that Doherty's offenses were political and denied extradition.

What the PIRA and other less structured terrorist groups have in common is far more significant in applying the political offense exception than the ways in which they may differ. All these groups exhibit a willingness to engage in the indiscriminate killing of people to achieve political ends.

Mackin and Doherty are not the only cases granting political offense treatment to PIRA members. Since 1979, U.S. judges or magistrates have denied four British requests for extradition of PIRA fugitives accused or convicted of violent terrorist crimes. Each denial was based on the political offense exception to extradition.

The problem is not the magistrates or judges involved in these cases. Their opinions reflect sincere attempts to apply our extradition laws; and the view that these lower court decisions are not always appealable has obstructed the development of law through decisions of our highest courts. The basic problem is the law itself, insofar as it is being applied so that the United States has become a sanctuary for terrorist murderers.

This is an intolerable situation. We must not allow our country to become a haven for terrorists who belong to groups that use indiscriminate violence against the citizens of other countries—just as we expect that foreign governments should not harbor terrorists who commit violent acts against U.S. citizens.

Amending the Extradition Statute

Unsuccessful attempts have been made to amend our extradition statute. Those efforts differ significantly from the present one in that they were based on changes in the political offense exception that would or could have been applied to any nation with which we have extradition relations, including some which have experienced political change or instability since establishment of those relations and which may not permit opponents of the government in power any lawful means of political dissent.

The present approach is more narrow and carefully drawn. It seeks to remedy the overbroad application of the political offense exception through a particular agreement with the United Kingdom. The rationale for this new

supplementary treaty is simple: with respect to violent crimes, the political offense exception has no place in extradition treaties between stable democracies in which the political system is available to redress legitimate grievances and the judicial process provides fair treatment. While this particular agreement relates to the United Kingdom, we fully intend to negotiate—and are in the process of negotiating—similar agreements with other nations that meet these criteria.

The conditions for justifying extradition of political rebels who engage in common crimes of violence undeniably exist in both the United States and the United Kingdom. Members of the Republican movement who desire reunification have not been prevented from participating in the democratic political system in the United Kingdom. Indeed, the PIRA's close supporter, Sinn Fein, has participated in a number of elections in Northern Ireland and has secured a small proportion of the vote—just under 12% in the local elections held in May. A Sinn Fein member has been elected to one of Northern Ireland's 17 seats in Parliament but has refused to take his seat. The violence is, therefore, not the result of a lack of opportunity to engage in the democratic process. It seems that extremists in the movement either reject the democratic system completely or are not confident of success at the polls. In any event, they conduct a campaign of violence. They have political rights, but they choose to act unlawfully.

Similarly, no one can seriously challenge the basic fairness of the British system of justice, even under the extraordinary situation that Britain has faced in Northern Ireland. To deal with that situation, the United Kingdom has developed special nonjury courts—commonly known as Diplock Courts—to try certain well-defined terrorists acts. Diplock Courts operate without a jury in order to eliminate the risk of jury intimidation and murders, especially likely in the trial of PIRA terrorists.

The absence of a jury does not mean the central principles of procedural fairness are not maintained: trials are held in open court; witnesses may be called and cross-examined; the burden remains on the prosecution to prove guilt beyond a reasonable doubt; the

The Political Offense Exception and Terrorism



United States Department of State
Bureau of Public Affairs
Washington, D.C.

Following is a statement by Abraham D. Sofaer, Legal Adviser, before the Senate Foreign Relations Committee, Washington, D.C., August 1, 1985.

I am honored to appear before you to testify on the Supplementary Treaty Concerning the Extradition Treaty Between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland. This treaty was signed on June 25 and transmitted to the Senate on July 17.

This is my first appearance before this committee as Legal Adviser to the Department of State. Since my confirmation, I have had the pleasure of consulting with individual Senators on a number of issues before the Department. I look forward to ongoing development of this constructive working relationship.

The Supplementary Treaty and Terrorism

The supplementary treaty addresses a problem with which this committee is all too familiar: the difficulty of combating international terrorism. Nearly every day, a new terrorist assault occurs somewhere in the world. The object of such atrocities is to use terror and fear to attract media attention and to coerce

governments into capitulating to terrorist demands.

The public, both in the United States and in other civilized nations, is distressed and angry over the inability of governments to bring these criminals to justice. Indeed, many of our own legislators have expressed their impatience with the difficulties of capturing and punishing terrorists in foreign countries. This widespread frustration has given rise to calls for extreme measures to prevent terrorist acts of violence and to punish their perpetrators.

I share this sense of frustration. While we must resist demands that we—like the terrorists—act in disregard of the law, the Department of State, in cooperation with the Department of Justice and other Federal agencies, is committed to developing new tools to fight international terrorism effectively and in a manner consistent with our legal traditions and social values. Toward this end, the Departments of State and Justice, acting jointly, took the initiative to negotiate this supplementary extradition treaty.

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historic ally, the United Kingdom. The supplementary treaty recognizes that terrorists who commit the specified, wanton acts of violence and destruction should not be immune from extradition merely because they believe they were acting to advance a political objective.

I will begin by reviewing the provisions of the supplementary treaty and their relationship to the existing U.S.-U.K. extradition treaty. I shall then discuss the origin and evolution of the political offense exception and the urgent need to implement a version of that doctrine in relations with the United Kingdom that advances rather than retards the human values and other interests historically served by international law.

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Recent events underscore the wisdom of this provision. Within the last 2 months, U.S. citizens have been the victims of almost every one of the types of terrorist acts excepted by the proposed treaty. How would we regard the argument that the murders of Robert Stethem on TWA 847 or of the marine guards in El Salvador were "political offenses"? It is a shocking and disgraceful fact that criminals who commit these types of barbarous crimes against the citizens of other nations and manage thereafter to get to the United States are often able, under current U.S. law, successfully to invoke the political offense exception and, thereby, escape extradition. Worst of all, in many cases in which the exception can be successfully invoked under present law, the United States is unable to prosecute the terrorists involved because we lack jurisdiction for most offenses committed abroad. In such cases, the United States is limited to deporting such persons to some third country where they can continue to elude justice. The treaty amendment before you today would prevent such travesties of justice with respect to extradition requests between the United States and the United Kingdom.

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The judge thereupon declared that Doherty's offenses were political and denied extradition.

What the PIRA and other less structured terrorist groups have in common is far more significant in applying the political offense exception than the ways in which they may differ. All these groups exhibit a willingness to engage in the indiscriminate killing of people to achieve political ends.

Mackin and Doherty are not the only cases granting political offense treatment to PIRA members. Since 1979, U.S. judges or magistrates have denied four British requests for extradition of PIRA fugitives accused or convicted of violent terrorist crimes. Each denial was based on the political offense exception to extradition.

The problem is not the magistrates or judges involved in these cases. Their opinions reflect sincere attempts to apply our extradition laws; and the view that these lower court decisions are not always appealable has obstructed the development of law through decisions of our highest courts. The basic problem is the law itself, insofar as it is being applied so that the United States has become a sanctuary for terrorist murderers.

This is an intolerable situation. We must not allow our country to become a haven for terrorists who belong to groups that use indiscriminate violence against the citizens of other countries—just as we expect that foreign governments should not harbor terrorists who commit violent acts against U.S. citizens.

Amending the Extradition Statute

Unsuccessful attempts have been made to amend our extradition statute. Those efforts differ significantly from the present one in that they were based on changes in the political offense exception that would or could have been applied to any nation with which we have extradition relations, including some which have experienced political change or instability since establishment of those relations and which may not permit opponents of the government in power any lawful means of political dissent.

The present approach is more narrow and carefully drawn. It seeks to remedy the overbroad application of the political offense exception through a particular agreement with the United Kingdom. The rationale for this new

supplementary treaty is simple: with respect to violent crimes, the political offense exception has no place in extradition treaties between stable democracies in which the political system is available to redress legitimate grievances and the judicial process provides fair treatment. While this particular agreement relates to the United Kingdom, we fully intend to negotiate—and are in the process of negotiating—similar agreements with other nations that meet these criteria.

The conditions for justifying extradition of political rebels who engage in common crimes of violence undeniably exist in both the United States and the United Kingdom. Members of the Republican movement who desire reunification have not been prevented from participating in the democratic political system in the United Kingdom. Indeed, the PIRA's close supporter, Sinn Fein, has participated in a number of elections in Northern Ireland and has secured a small proportion of the vote—just under 12% in the local elections held in May. A Sinn Fein member has been elected to one of Northern Ireland's 17 seats in Parliament but has refused to take his seat. The violence is, therefore, not the result of a lack of opportunity to engage in the democratic process. It seems that extremists in the movement either reject the democratic system completely or are not confident of success at the polls. In any event, they conduct a campaign of violence. They have political rights, but they choose to act unlawfully.

Similarly, no one can seriously challenge the basic fairness of the British system of justice, even under the extraordinary situation that Britain has faced in Northern Ireland. To deal with that situation, the United Kingdom has developed special nonjury courts—commonly known as Diplock Courts—to try certain well-defined terrorists acts. Diplock Courts operate without a jury in order to eliminate the risk of jury intimidation and murders, especially likely in the trial of PIRA terrorists.

The absence of a jury does not mean the central principles of procedural fairness are not maintained: trials are held in open court; witnesses may be called and cross-examined; the burden remains on the prosecution to prove guilt beyond a reasonable doubt; the

accused has a right to legal advice and representation; and the right of appeal is completely unfettered. The judge in the *Doherty* case recognized these facts. He found:

The Court . . . specifically rejects respondent's claim that the Diplock Courts and the procedures there employed are unfair, and that respondent did not get a fair trial and could not get a fair trial in the courts of Northern Ireland. The Court concludes that both Unionists and Republicans who commit offenses of a political character can and do receive fair and impartial justice and that the courts of Northern Ireland will continue to scrupulously and courageously discharge their responsibilities in that regard.

The Republic of Ireland also has nonjury courts for terrorist-type offenses. Indeed, the Irish courts have recently decided to show their repugnance for IRA [Irish Republican Army] crimes by extraditing the PIRA terrorists arrested there to the United Kingdom.

Secretary Shultz said last October that "the rule of law is congenial to action against terrorists." We and the United Kingdom view this supplementary treaty as an important step in applying the rule of law to terrorism. The principle reflected in article 1 of the supplementary treaty will establish a definite, workable rule for applying the political offense exception to extradition among stable democracies. It will also be consistent with the rules adopted in 1977 by the Council of Europe which authored the European Convention for the Suppression of Terrorism. That convention established limits on the political offense exception virtually identical to those contained in this supplementary treaty. The United Kingdom

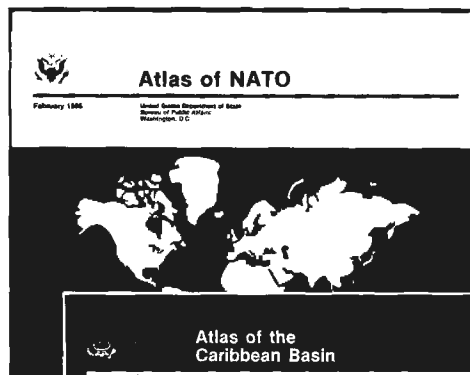
is a party to the convention without reservation, but it is open solely to members of the Council of Europe, and we are only an observer there. Nevertheless, in our search for a solution to the problems created by current applications of the political offense exception in U.S. courts, we looked to that convention and concluded that its limitations were appropriate.

I respectfully request that the committee report on this treaty as a priority matter and that you recommend that the Senate give its advice and consent to ratification. ■

Published by the United States Department of State • Bureau of Public Affairs
Office of Public Communication • Editorial Division • Washington, D.C. • November 1985
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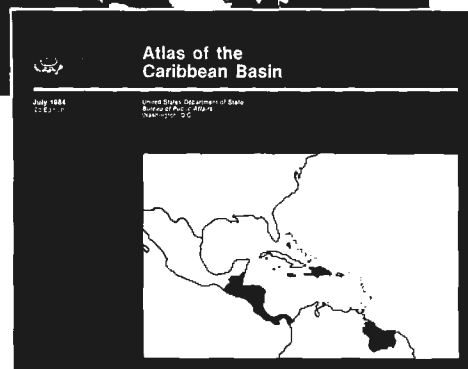
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