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Lyon - 1/12/1930
- For "B"
- Talking Points used by
RR yesterday
- Summary of report
- off to North is projection

TALKING POINTS FOR USE BY THE PRESIDENT
IN THE MEETING WITH THE NATIONAL BIPARTISAN COMMISSION
ON CENTRAL AMERICA

- You are to be commended for an arduous task, well-done. I thank you each of you on behalf of all Americans for the service you have performed for our country.
- The report you have presented is the most comprehensive and detailed review of the issues as they effect our national security that I have seen.
- Having just received the report last night, I am impressed with its depth of analysis and the creativity of its recommendations.
- Henry has told me that you are a diverse, but not divisive group to work with and that you have maintained a bipartisan view throughout. I am especially grateful to Lane Kirkland, Bob Strauss, and the other members of the loyal opposition in this regard.
- Personally, I am pleased at the consensus recognition for the urgent nature and complexity of the crisis in Central America and its implications for our fundamental interests.
- I believe that the members of Congress who study your work will share in my belief that we must proceed urgently in seeking solutions.
- I fully share your belief that we must do much more. After I have reviewed the report in detail with my advisors, I will set forward a program to achieve the goals that you have so eloquently set forth.
- Again, my sincere thanks to you all for what you have accomplished.

Jan. 10, 1984

NSC STAFF EXECUTIVE SUMMARY OF THE REPORT OF THE
NATIONAL BIPARTISAN COMMISSION ON CENTRAL AMERICA

The 132 page report dedicated to Senator Henry Jackson contains comment and recommendation on the entire spectrum of Central American issues that are of concern to the United States. The report consists of the following chapters:

1. INTRODUCTION -- Includes basic themes (pp. 1-5)
2. A HEMISPHERE IN TRANSITION -- Places crisis in larger hemispheric context (pp. 7-12)
3. CRISIS IN CENTRAL AMERICA: AN HISTORICAL OVERVIEW -- Provides historical perspective (pp. 15-38)
4. TOWARD DEMOCRACY AND ECONOMIC PROSPERITY -- Examines prospects for economic and political development; presents recommendations (pp. 40-67)
5. HUMAN DEVELOPMENT -- Discusses social issues--health and education particularly--and makes recommendations (pp. 68-82)
6. CENTRAL AMERICAN SECURITY ISSUES -- Explores security issues and recommends U.S. action (pp. 84-103)
7. THE SEARCH FOR PEACE -- Looks at diplomatic aspects and offers recommendations on pursuing negotiated settlements to conflict in the region (pp. 106-123)
8. CONCLUSION -- (pp. 126-127)

On security and diplomatic issues, the report deals with El Salvador, Honduras, Nicaragua, Guatemala, and Costa Rica. Panama and Belize are included for discussion of development programs. Individual members who wished to add personal amplification or objection to various portions of the report have done so following the conclusions.

MAJOR THEMES

- The crisis in Central America is acute. Its roots are indigenous--in poverty, injustice and closed political systems. World economic recession and Cuban-Soviet-Nicaraguan intervention have exacerbated these problems.
- The crisis will not wait. It must be addressed at once and simultaneously in all its aspects. Ultimate resolutions depend on economic progress, social and political reform. But insurgencies must be checked if lasting progress is to be made on these fronts.

- The United States has fundamental interests at stake: Soviet-Cuban success and resulting collapse of Central America would compel substantial increase in our security burden or redeployment of forces to detriment of vital interests elsewhere.
- Indigenous reform, even indigenous revolution, is not a threat to the U.S. But the intrusion of outside powers, exploiting local grievances for political and strategic advantage, is a serious threat. The objective of U.S. policy should be to reduce Central American conflicts to Central America dimensions.
- As a nation we have deep and historic interest in promotion and preservation of democracy. The report concludes that pluralistic societies are what Central Americans want and are essential to lasting solutions. In this case our strategic interests and our ideal coincide.
- Central Americans desperately need our help and we have a moral obligation to provide it. The U.S. and other nations can make a difference. But in the end, solutions will depend on the efforts of the Central Americans themselves.
- Although there is urgent need for action, no quick solutions can be expected. U.S. must take a long-term commitment and stick to a coherent policy.
- That policy can and should be bipartisan. Commission found wide consensus on principles and objectives.

POLITICAL AND ECONOMIC DEVELOPMENT

- Key Judgements/Observations
 - Central American economies grew substantially during the 60's and early 70's. But income distribution was highly inequitable, except in Costa Rica and Panama.
 - Trend toward more pluralistic political systems in El Salvador, Guatemala, and Nicaragua reversed in early 70's.
 - World recession and rising political violence had catastrophic effect on region's economies in late 70's early 80's. All have declined dramatically. El Salvador gross domestic product is down 25% since 1978. Even with successful stabilization programs and restored political stability, per capita wealth in 1990 would only be three-quarters of what it was in 1980.

- Commission believes economic development cannot be separated from political and social reform. Objective must be parallel development of pluralistic societies and strong economies with far more equitable distribution of wealth.

- Immediate Recommendations: An Emergency Stabilization Program. The Commission proposes a significantly increased program of U.S. assistance designed to promote economic growth, democratization, and greater social equity. The report encourages the greatest possible involvement of the U.S. private sector in the stabilization effort. It recommends the formation of an emergency action committee of private sector personalities to provide advice on new private-public initiatives to spur growth and employment. The Commission specifically recommends:

- That leaders of U.S. and Central America should meet to initiate a comprehensive approach to economic development of the region and reinvigoration of the Central American Common Market.
- A \$400 million supplemental in FY-84 over and above the \$477 million now in the budget for the seven countries. There is urgent need to stabilize economies now going downhill very fast. This assistance should be focused on labor-intensive infrastructure projects and housing. Unemployment is a critical problem--politically and economically.
- Establishing a program to provide U.S. Government guarantees for short-term trade credits. External credit has dried up. Without it economies cannot be reactivated.
- Providing an emergency loan to the Central American Common Market to permit the reactivation of this vital organization. Lack of resources in the Market to settle trade accounts among the countries has stalled it.
- That the USG should take an active role in the efforts to resolve the external debt problems in Central America and should encourage the countries that have not done so to seek multilateral rescheduling.
- That the USG also encourage commercial banks to renegotiate at the lowest possible interest rates.

- Medium and Long-Term Recommendations. The Commission estimates \$24 billion in net external exchange inflows need by 1990 to foster a growth rate of 3 percent per capita, returning these countries to pre-recession levels of per capita wealth. About half--\$12 billion--is expected to come from international institutions, other donor countries and loans/investments from private sector sources.
- The USG should commit to program of \$8 billion over next five fiscal years (FY 85-89). This would be divided roughly into about \$6 billion in appropriated funds and about \$2 billion in contingent liabilities covering guarantees, insurance and the like. Compared with current projections for FY 85-89, these contributions would constitute an increase of about \$2.8 billion in appropriated funds and \$.7 billion in contingent liabilities over the five year period. The Commission believes a firm, long-term commitment is essential and urges that Congress authorize multi-year funding of this program.
- To give form and structure to the development effort, the establishment of a Central American Development Organization (CADO) is recommended with $\frac{1}{4}$ of U.S. aid channelled through CADO.
 - CADO would consist of the United States and those countries of the seven willing to commit themselves to internal democracy and reform. Continued membership would depend on demonstrated progress toward those goals. Adherence to regional security pact also required. Nicaragua could participate by meeting these conditions.
 - CADO's principal body would be a Development Council with tripartite, ILO-style representation. It would assess program and progress toward economic growth, democratization, reform and preservation of human rights.
- The Commission also recommends:
 - Expanded assistance from the U.S. Government for democratic institutions and leadership training--neighborhood groups, cooperatives, binational centers and visitor programs for leaders of labor unions, local governments and other organizations.

- Requiring a firm commitment by the Central Americans to adopt economic policies (including reforms in tax systems) which encourage private enterprise and individual initiative, to create favorable investment climates, to curb corruption where it exists, and to spur balanced trade.
- Extension of duty-free trade to Central America by other major trading nations.
- Reviewing non-tariff barriers to imports from Central America with a view toward using whatever flexibility that exists within the framework of multilateral agreements, to favor Central American products.
- Establishing a Central American Development Corporation as a privately owned venture-capital company which could initially be financed by a loan from the U.S. Government.
- That the United States join the Central American Bank for Economic Integration.
- U.S. technical and financial support for promoting exports to Central America.
- Expanded availability of insurance guarantees for new investments from the U.S. Government's Overseas Private Investment Corporation (OPIC).
- Increased U.S. assistance to small business and accelerated agricultural development--particularly in production of food for domestic consumption.

Health and Education

● Key Judgements/Observations

- Democracy and prosperity in the region are being delayed by hunger, disease, and illiteracy which saps a people's vitality and impedes the growth of viable democratic institutions.
- Literacy rates are unacceptably low in several countries (e.g., Guatemala 45%, El Salvador 63%, Honduras 60%) handicapping education efforts seriously. Widespread malnutrition also thwarts education by sending physically and mentally underdeveloped children to school.

- U.S. goals should include a reduction of malnutrition, elimination of illiteracy, expanded education, health, and housing opportunities.
- Initial efforts must be to increase food assistance to Central America through the PL 480 program.

● Recommendations

- The judicial systems in Central America should be strengthened by providing resources for training judges, judicial staffs, and public prosecutors.
- The U.S. should form under direction of the Peace Corps, of a Literacy Corps and a Central American Teachers Corps.
- To meet needs in higher education, U.S. Government scholarships should be raised to approximately 10,000 over 4-6 years, a level comparable to the efforts of Cuban and Soviet Union efforts.
- Educational reform should be encouraged in the areas of technical and vocational education, through the expansion of the International Executive Service Corps, and through closer cooperation with Central American universities to improve the quality of education.
- Existing programs for disease control and eradication, as well as immunization and oral hygiene should be expanded.
- Training of primary health workers, especially nurses, should be increased and the means developed to integrate private and public financing of health services.
- Assistance programs should target the area's severe housing shortage.
- Training of public administrators should be expanded to improve public services for regional population.
- U.S. Government resources should be increased to meet critical problem of refugees and displaced persons--more than one million of them need help.

SECURITY ISSUES

Key Judgements/Observations

- In El Salvador there are two separate conflicts:
 - Between those seeking democratic reform and those seeking to retain their privileges.
 - Between Marxist-Leninist guerrillas and those who oppose Marxism-Leninism.
- Three general propositions about such guerrilla movements are identified:
 - They depend on external support. Without it they are unlikely to succeed.
 - They develop their own momentum which reform alone cannot stop.
 - Victorious, they create totalitarian regimes, even though they have enlisted support of democratic elements in order to project a democratic, reformist image.
- External support for the Salvadoran guerrillas (FMLN/FDR) comes from the Soviet Union, Cuba, and now Nicaragua. Cuba has developed into a leading military power through Soviet assistance. Since the Sandinista victory, the Soviets have supported a Cuban strategy of achieving power in Central America through the force of arms.
- There are serious strategic implications for the United States in Soviet-Cuban support for armed insurgency in the region.
- The triumph of hostile forces in Central America could require us to devote large resources to defend our southern approaches. This could substantially increase the defense burden for the United States, or require a redeployment of forces to the detriment of our interests elsewhere. Unless trends are reversed the Commission sees:
 - A growing threat to our shipping lanes in the Caribbean.
 - Increased violence and dislocation in the area from which we could not isolate ourselves.
 - Erosion of our power to influence events worldwide as we are perceived as unable to influence events close to home.

- The war in El Salvador is stalemated, a condition to the ultimate advantage of the guerrillas. U.S. military assistance has been inadequate to permit modern, humane, and successful counter-insurgency and therefore victory over the guerrillas.
- U.S. security interests are importantly engaged in Central America. More military assistance needed, as well as expanded support for the economic growth and social reform. Success will depend on an end to violations of human rights, the neutralization of external support for the insurgencies, and sufficient U.S. security assistance for the GOES to persevere against the guerrillas.

- Recommendations

- That the U.S. provide to the Government of El Salvador significantly increased levels of military assistance for greater mobility, more training, higher force levels, and more equipment.
- That his aid be conditioned on legislated certification of progress on improved human rights, democracy, and judicial reform.
- That such assistance should only be provided to Guatemala if the same terms are met.
- That increased military assistance be provided to Honduras to build a credible deterrent and to meet renewed efforts at insurgency sponsored by the Nicaraguans.

THE SEARCH FOR PEACE

- Key Judgements/Observations

- In Nicaragua, consolidation of a Marxist-Leninist regime would create a permanent security threat. Nicaragua's mainland location makes it a crucial steppingstone to promote armed insurgency in Central America. Cuban personnel (2,000+ military advisers and 6,000 civilian officials), several hundred Soviet, East European, Libyan, and PLO advisers, extensive arms deliveries (13,000 tons in 1983) add an external dimension to the threat posed by Nicaragua to its neighbors.

- What gives the current situation its special urgency is the external threat posed by the Sandinista regime in Nicaragua, supported by Cuban military strength, backed by Soviet weapons, guidance and diplomacy, and integrated into the Cuban network of intelligence and subversion.
- A successful U.S. political strategy in Central America requires resources to promote economic growth, vigorous efforts to advance democracy and reform; other inducements and penalties.
- The general strategic objective of U.S. diplomacy in Central America should be to reduce the civil wars, national conflicts, and military preparations to Central America dimension.
- Specifically, we should seek to stop the war and killing in El Salvador. We should seek to create conditions under which Nicaragua becomes a peaceful and democratic member of the Central American community and open the way for democratic development in all countries.
- Adequate economic and military assistance from U.S. can help to achieve positive resolution of the regional crisis. The current military stalemate is working against rather than for a political settlement based on the popular will.

● Recommendations

- That the U.S. strive, in its diplomatic strategy, for a comprehensive regional settlement based on the 21 points articulated by the "Contadora Group" as follows:
 - Commitment to internal pluralism and free elections in all countries.
 - Respect for sovereignty and non-intervention.
 - Verifiable commitments to non-aggression and an end to all attempts at subversion--covert or overt.
 - Limitations on arms and sizes of armed forces. Prohibition of foreign forces, bases and advisers.

- Provision for verification of all agreements.
 - Establishment of an inter-governmental council to meet regularly to review compliance.
 - Adherence to the overall agreement would be required for membership in the Central American Development Organization.
- Negotiations in El Salvador between guerrillas and the government to be elected in March to establish conditions for later legislative and municipal elections in which all could participate. These negotiations should be aimed at establishing an electoral commission with FMLN/FDR representation, cease-fire and end to all violence; international observation of elections.
- A majority of the Commission supports existing incentives and pressures for the regime in Managua to negotiate seriously. U.S. support for the anti-Sandinista democratic opposition should continue as a means of pressuring the Sandinistas.
- The U.S. should be prepared to negotiate seriously with Cuba if it shows itself ready for genuine coexistence, dropping support for insurgency in Central America and revolutionary violence elsewhere in the world. The Commission, however, sees little possibility of separating Cuba from the Soviet Union.
- There is little promise in negotiating with the Soviet Union over Central America. Soviets would seek to cast such negotiations in terms of sphere of influence, an unacceptable concept for the U.S.