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PRESSLER

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ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
55467	PAPER	DUPLICATE OF 55464 <i>R 10/8/2010 M109/1</i>	2	2/18/1982	B1

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(NSC/Bakshian)
February 18, 1982
5:00 p.m.

PRESIDENTIAL ADDRESS TO ORGANIZATION OF AMERICAN STATES --
CARIBBEAN BASIN INITIATIVE

It is a great honor for me to stand before you today. The principles which the Organization of American States embodies -- economic prosperity, political justice, and regional security -- are also three of the most basic pillars of U.S. foreign policy.

The United States of America is a member of this Organization and a part of this hemisphere. What happens anywhere in the Americas affects us in this country. In that very real sense, we have always shared a common destiny.

Some 2 years ago when I announced as a candidate for the Presidency, I spoke of an ambition I had to bring about an accord with our two neighbors here on the North American continent.

I was not suggesting a common market or any kind of formal arrangement. "Accord" was the only word that seemed to fit what I had in mind. I'm aware that the U.S. has long enjoyed friendly relations with Mexico and Canada, that our borders have no fortifications. Yet it seemed to me there was the potential for a closer relationship than had yet been achieved. Three great nations share this continent with all its human and natural resources. Have we done all we can to create a relationship in which each country can realize its potential to the fullest?

I know in the past the United States has proposed policies we declared would be mutually beneficial not only for North America but also for the nations of Central and South America. But there was often a problem. No matter how good our intentions

were, our very size may have made it seem that we were exercising a kind of paternalism.

At the time I suggested the North American accord, I said I wanted to approach our neighbors not as someone with yet another plan, but as a friend seeking their ideas, their suggestions as to how we could become better neighbors.

I met with President Lopez Portillo in Mexico before my inauguration and with Prime Minister Trudeau in Canada shortly after I had taken office. We have all met several times since, in the U.S., Mexico, and Canada. I believe we have established a relationship better than anything our three countries have ever known before.

Today/tonight, I would like to talk to you about our other neighbors by the sea -- the some dozen countries of the Caribbean and Central America. [Points to map] Their well-being and security are also vital to us. I am happy to say that Mexico, Canada and Venezuela have joined with us in the search for ways to help these countries realize their potential.

We, the peoples of the Americas, have much more in common than geographical proximity. For over 400 years our peoples have shared the dangers and dreams of building a new world. From colonialism to nationhood our common quest has been for freedom.

Most of our forebears came to this hemisphere seeking a better life for themselves. They came in search of opportunity and, yes, in search of God. Virtually all -- descendants of the land and immigrants alike -- have had to fight for independence.

Having gained it, they had to fight to retain it. There were times when we even fought each other.

Gradually, however, the nations of this hemisphere developed a set of common principles and institutions that provided the basis for mutual protection. Some 20 years ago President of the U.S. John F. Kennedy caught the essence of our unique mission when he said it was up to the New World, "to demonstrate that man's unsatisfied aspirations for economic progress and social justice can best be achieved by free men working within a framework of democratic institutions."

In the commitment to freedom and independence, the peoples of this hemisphere are one. In this profound sense, we are all Americans. Our principles are rooted in self-government and non-intervention. We believe in the rule of law. We know that a nation cannot be liberated when its people are deprived of liberty. We know that a state cannot be free when its independence is subordinated to a foreign power. And we know that a government cannot be democratic if it refuses to submit to the test of a free election.

We have not always lived up to these ideals. All of us at one time or another in our history have been politically weak, economically backward, socially unjust or unable to solve our problems through peaceful means. My own country, too, has suffered internal strife including a tragic civil war. We have known economic misery, and once tolerated racial and social injustice. And, yes, at times we have behaved arrogantly and impatiently toward our neighbors. These experiences have left

their scars but they also help us today to identify with the struggle for nationhood, for political and economic development that still goes on in many of the Caribbean Basin and other countries of this hemisphere.

Out of the crucible of our common past, the Americas have emerged as more equal and more understanding partners. Our hemisphere has an unlimited potential for economic development and human fulfillment. We have a combined population of more than 600 million people; our continents and our islands boast vast reservoirs of food and raw materials; and the markets of the Americas have already produced the highest standard of living among the advanced as well as the developing countries of the world. The example we could offer to the world would not only discourage foes; it would project like a beacon of hope to all of the oppressed and impoverished nations of the world. We are the New World, a world of sovereign and independent states that today stand shoulder to shoulder with a common respect for one another and a greater tolerance of one another's shortcomings.

But there are also new dangers. A new kind of colonialism stalks the world today and threatens our independence. It is brutal and totalitarian. It is not of our hemisphere but it threatens our hemisphere and has established footholds on American soil for the expansion of its colonialist ambitions.

Our lesson is indelible from our common past. We need each other. None of us can be strong if any of us is weak. The key to our future security lies in solidarity. Our vital interests are at stake. [Points to Central American section of map] The Panama Canal is but one short, 50-mile span out of

thousands of miles of Caribbean sea lanes through which pass imports and exports for all the American nations North, South and Central. Threats to the economic well-being and security of any of our neighbors in this area are threats to us all.

I spoke a moment ago of the program four of our nations have already started for the Caribbean area. The people of this area seek and have the right to shape their own national identities; to improve their economic lot and to develop their political institutions to suit their own unique social and historical needs. They ask nothing more than what other people of the Americas have sought throughout their history.

At the moment, however, these countries are under economic siege. In 1977, one barrel of oil was worth 5 pounds of coffee or 155 pounds of sugar. To buy that same barrel of oil today, these small countries must provide five times as much coffee (nearly 26 pounds) or almost twice as much sugar (283 pounds). This economic disaster is consuming our neighbors' money reserves and credit, forcing thousands of people to leave for the United States, often illegally, and shaking even the most established democracies. And economic disaster has provided a fresh opening to the enemies of freedom, national independence and peaceful development.

We have taken the time to consult closely with other governments in the region, both sponsors and beneficiaries, to ask them what they need and what they think will work. And we have labored long to develop a program that integrates trade, aid and investment -- a program that represents a long-term commitment to the countries of the Caribbean Basin and Central

America to make use of the magic of the market of the Americas to earn their own way toward self-sustaining growth.

At the Cancun Summit last October, I presented a fresh view of development which stressed more than aid and government intervention. As I pointed out then, nearly all of the countries that have succeeded in their development over the past 30 years have done so on the strength of market-oriented policies and vigorous participation in the international economy.

The program we have proposed puts these principles into practice. It is an integrated program that helps our neighbors help themselves, a program that will create conditions under which creativity, private entrepreneurship and self-help can flourish. Aid is a part of this program because our neighbors requested it and because it is needed to put many of them in a starting position from which they can begin to earn their own way. But, make no mistake, this aid will encourage private sector activities, not displace them. Private investment, U.S., indigenous and foreign, is at the heart of this program.

The centerpiece of the program I am sending to the Congress is a free trade area for all Caribbean Basin products exported to the United States. To create a climate for new investments and production, this authority will be extended for 12 years. Investors will be able to move into the Caribbean knowing that their products will receive duty free treatment not on a year-to-year basis but for at least the lifetime of their investments.

The only exception to the free trade area will be textile and apparel products; these products are governed by other international agreements. However, we will make sure that our

immediate neighbors have more liberal quota arrangements, even if some of our other suppliers have to have less.

This proposal is as unprecedented as today's crisis in the Caribbean. Never before has the United States offered a preferential trading arrangement to any region. This commitment makes unmistakably clear our determination to help our neighbors grow strong.

We propose to negotiate free trade country-by-country. Its impact will develop slowly. The economies we seek to help are small. Even as they grow, all the protections now available to U.S. industry and labor against disruptive imports will remain. And growth in the Caribbean will benefit everyone, with American exports finding new markets.

Secondly, to further attract investment, I am asking the Congress to extend the 10 percent domestic investment tax credit to the Caribbean Basin. We also stand ready to negotiate bilateral investment treaties with interested Basin countries.

Third, I am asking for an emergency Fiscal Year 1982 appropriation of \$300 million to assist the private sector in countries where foreign exchange is particularly scarce. Additionally, I am asking the Congress for a significant increase in the 1983 foreign assistance budget for the region. Much of this aid will be concentrated on the private sector. These steps will help foster the entrepreneurial dynamism necessary to take advantage of the trade and investment portions of the program.

Fourth, we will offer technical assistance and training to assist the indigenous private sector in the Basin countries

to exploit the opportunities of this program. This will include investment promotion, export marketing and technology transfer efforts, as well as programs to facilitate adjustments to greater competition and production in agriculture and industry.

In this effort, I intend to seek the active collaboration of the U.S. private sector. I am asking leaders of the U.S. business and banking community to mobilize a group of experts to work with AID and other U.S. and Caribbean government agencies in this joint undertaking.

Fifth, we will work closely with Mexico, Canada, Venezuela, and other potential donors like Colombia, to encourage stronger international efforts to coordinate our own development measures with their vital contributions. We will also call upon our European and Japanese allies, as well as multilateral development institutions, to increase their assistance in the region.

Sixth, we are proposing a special set of measures for Puerto Rico and the U.S. Virgin Islands to ensure that they, too, will benefit from the Initiative. With their strong traditions of democracy and free enterprise, they can also make an important contribution to its success in the region.

This program has been a year in the making. It represents a farsighted act by our own people at a time of considerable economic difficulty at home. I would not propose it if I was not convinced that it is vital to the most important national security interests of this country. We cannot wait. Our neighbors are in trouble, and their health and strength are a vital component of our own security.

One early sign is positive. After a decade of falling income and exceptionally high unemployment, Jamaica's new leadership is reducing bureaucracy, dismantling unworkable controls, and attracting new investment. Continued outside assistance will be needed to tide Jamaica over until market forces generate large increases in output and employment -- but Jamaica is making freedom work.

This program will not work, however, where governments are indifferent to injustice, tolerate massive violations of personal rights, or impede democracy, free institutions or the rule of law. In the end, a free economy can only succeed in a free society. Where freedom and justice are not guaranteed, we must use our assistance to help our neighbors realize them. Our economic and social program also cannot work if our neighbors do not enjoy a minimum threshold of security to pursue their own economic and political future. Their attempts to develop are feared by the forces of freedom because their success will make the radical message a hollow one. Cuba knows this. Since 1978, Havana has trained, armed and directed extremists in guerrilla warfare and economic sabotage as part of a campaign to exploit troubles in Central America and the Caribbean to establish Cuban-style Marxist-Leninist dictatorships. Last year, Cuba received 63,000 tons of war supplies from the Soviet Union -- more than in any year since the 1962 missile crisis. Last month, the arrival of additional high performance MIG-23 Floggers gave Cuba an arsenal of more

than 200 Soviet war planes -- far more than the military aircraft inventories of all other Caribbean Basin countries combined. For almost 2 years, Nicaragua has served as a platform for covert military action. Through Nicaragua, arms have been smuggled to guerrillas in El Salvador.

To meet this threat, I am asking the Congress to provide increased security assistance to help friendly countries hold off those who would destroy their chances for economic and social progress and political democracy. Since 1947, the Rio Treaty has established reciprocal defense responsibilities linked to our common democratic ideals. Meeting these responsibilities is all the more important when an outside power supports terrorism and insurgency to destroy any possibility of freedom and democracy.

We will not, however, follow Cuba's totalitarian lead in attempting to resolve human problems by brute force. Less than 10 percent of the assistance I am proposing to the Congress for the Caribbean Basin is for military purposes. The thrust of our assistance is to help our neighbors realize freedom, justice, and economic progress.

I know sometimes words like 'totalitarian' seem abstract and remote to us. The crimes of communist regimes sometimes overwhelm and desensitize us because of the sheer size of the numbers.

Moreover, many of our countrymen have never personally experienced the lash of a dictatorship. But perhaps the experience of one man can illuminate for all of us what this struggle is about.

Armando Valladares is a Cuban and a poet. He has been in Castro's prisons for 20 years. His crime: writing poetry that did not celebrate the good life of Castro's Cuba. Since 1974, he has been in a wheelchair, a victim of polyneuritis, a disease brought about as a result of a deliberately deficient diet. But Armando Valladares is undaunted. He continues to write his poetry, smuggling poems out of prison. As a result, the Cuban authorities are intimidating his family. In a recent letter, Valladares wrote: "A high official of the Political Police has notified me that my family's departure from the country is entirely in my hands; that for it to happen I have to write a letter denying my friends among intellectuals and poets abroad; that I have to forbid everyone, including newspapers and

organizations, to speak or write about me and my literary works or even mention my name; and that I must disavow or deny every thing they have spoken in defending my situation. To write that letter would be to commit moral and spiritual suicide. I shall never write it!"

Most recently, Valladares has written: "It is common knowledge that medical treatment is used in communist countries for coercion or elimination of unwanted prisoners. My own is just one case among many. I am being held incommunicado. In addition to all this, I have not seen the sun in six months. Conditions are such that it will be even more difficult to stay alive."

Make no mistake; in the face of such tyranny, security for the countries of the Caribbean and Central American area is not an end in itself, but a means to an end. It is a means toward building representative and responsive institutions, toward strengthening pluralism and free private institutions -- churches, free trade unions, and an independent press. It is a means to nurturing the basic human rights freedom's foes would stamp out. In the Caribbean Basin, we above all seek to support those values and principles that shape the proud heritage of this hemisphere. We strongly support the Central American Democratic Community formed last January by Costa Rica, Honduras and El Salvador. And we will work closely with other concerned democracies inside and outside the area to preserve and enhance our common democratic values.

We seek to exclude no one. Some, however, exclude themselves. Let them return to the traditions and common values of this hemisphere and we will welcome them.

As I have talked these problems over with friends and fellow citizens in private life, I am often asked "why bother?" Why should the problems of Central America or the Caribbean concern us? Why should we try to help? I tell them we must help because the people of the Caribbean Basin and Central America are in a fundamental sense fellow Americans. Freedom is our common destiny. And freedom cannot survive if our neighbors live in misery and oppression. In short, we must do it because we are doing it for each other.

Our neighbors' call for help is addressed to us all: here in this country to the Administration, to the Congress, and to millions of Americans from Miami to Chicago, from New York to Los Angeles. This is not Washington's problem; it is the problem of all the people of this great land. The refugees in our midst are a vivid reminder of the closeness of this problem to all of us. The call is also addressed to all the other Americas -- the great and sovereign republics of North, Central and South America.

The Western Hemisphere does not belong to any one of us -- we belong to the Western Hemisphere. We are brothers historically as well as geographically.

As I said earlier, I am aware that the United States has pursued Good Neighbor Policies in the past. These policies did some good. But they are inadequate for today, and may have also had a false premise -- that my country would somehow always have the final word. I believe the U.S. has rid itself of the illusion that it can impose or require. I believe the United States is now ready to go beyond being a good neighbor to being a true friend and brother in a community that belongs to others as much as to us. That, not guns, is the ultimate key to peace and security for us all.

Look at the map again. [Points to map]. We have to ask ourselves why has it taken so long for us to realize the God-given opportunity that is ours? These two great land masses are rich in virtually everything we need. Together, our more than 600 million people can develop what is undeveloped, can eliminate want and poverty, can show the world that our many nations can live in peace, each with its own customs, language and culture, sharing a love for freedom and a determination to resist outside ideologies that would take us back to colonialism.

We return to a common vision. The Americas are a special place, not just markings on the map. Americans throughout this hemisphere have expressed this aspiration nobly and often. But as an American and as a citizen of these United States, I can't help but believe that Thomas Jefferson once expressed it best. Jefferson was a profoundly optimistic man who believed this country, and all of the Americas, were destined to be the beacon light for all mankind.

In some of the last words he wrote, less than 2 weeks before his death, Jefferson said: "All eyes are opened, or opening, to the rights of man. The general spread of the light of science has already laid open to every view the palpable truth that the mass of mankind has not been born with saddles on their backs, nor a favored few booted and spurred, ready to ride them legitimately, by the grace of God. These are grounds of hope for others."

'Jefferson's hope for freedom is our aspiration -- and our determination as well. Let us start now to build a Western Hemisphere accord based on that hope and reaching from pole to pole of what we proudly call the New World.

16

URGENT

MEMORANDUM

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THE WHITE HOUSE
WASHINGTON

INFORMATION

February 18, 1982

MEMORANDUM FOR THE PRESIDENT

FROM: WILLIAM P. CLARK *WPC*
SUBJECT: NSC Meeting -- February 19

Discussion

The NSC meeting on February 19 will bring together all of your Cabinet Officers and advisers (26 people) who must play a role in the successful promotion of your Caribbean Basin Initiative. At the meeting the individual political, economic and security components will be reconfirmed (Tab A).

In addition, Dave Gergen and Ken Duberstein will outline the public affairs and congressional actions to be taken in connection with the launching of the policy next week. The centerpiece of this effort will be your speech before the OAS, now scheduled for next Wednesday at 12:30. (Current draft at Tab B.)

Attachments

Tab A Current and proposed measures
Tab B Legislative/public affairs strategy

DISCUSSION FOR NSC MEETING

February 18, 1982

In our immediate neighborhood, the Caribbean Basin, we face both a long-term and a short-term threat. The long-term threat is economic underdevelopment and weak political institutions. The near-term threat is externally supported subversion which exploits the above conditions.

To meet these threats, the United States has developed a comprehensive strategy utilizing economic, political and security measures:

A. Accelerate Economic Development in Friendly States

A major US program of trade, investment and aid (the Caribbean Basin Initiative) has been developed:

- one-way free trade area to assure duty-free access to US markets for the long term, spurring trade and investment activities in the Caribbean;
- investment tax credit and bilateral investment treaties to enhance the investment climate;
- supplemental economic assistance to the private sector enabling and supporting self-sustaining commercial activities in the Caribbean and Central American countries;
- compensatory measures for Puerto Rico and the Virgin Islands.

We are also appealing to US Allies and international development institutions to increase economic support for the Caribbean area.

B. Nurture the Evolution of Political Democracy Through:

- sustained support for free and internationally credible elections throughout the region. The elections in El Salvador are particularly crucial in our overall program for Central America;
- support and indeed champion the democratic process throughout the region through Radio Marti, parliamentary exchanges, etc.;
- strong backing for the Central American Democratic community;
- encouragement of Venezuela and Colombia to take more frequent and active positions in support of free elections and democratic processes;

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BY KML NARA DATE 10/18/10

~~TOP SECRET~~

- seeking public support of the Vatican for democratic processes in the Caribbean;
- influencing our friends in Europe and elsewhere to be supportive of our approach;
- maintaining political pressure on Cuba by restricting the activities of the Cuban Mission to the UN and by closing the Cuban Interests Section in Washington.

C. Provide a Threshold of Security to Permit Economic and Political Progress

- 506A Drawdown of military equipment for El Salvador;
- supplemental security assistance for Central America;
- exploiting Soviet vulnerabilities worldwide;
- measures to raise the costs of arms transfers in the region by Nicaragua, Cuba and the Soviet Union;
- measures to improve our own capabilities to respond to contingencies in the region

The President will present US strategy toward the Caribbean Basin and Central American region in a speech next week at the Organization of American States. This speech will be followed by submission of the Caribbean Basin Initiative legislation to Congress. Both the speech and submission of the legislation will trigger a sustained legislative and public affairs campaign to inform and win the support of the American Congress and people for this vital national security undertaking.

~~TOP SECRET~~

21
(NSC/Bakshian)
February 18, 1982
5:00 p.m.

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