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# WITHDRAWAL SHEET

## Ronald Reagan Library

**Collection Name** EXECUTIVE SECRETARIAT, NSC: MEETING FILE

**Withdrawer**

SMF 8/15/2008

**File Folder** NSC 00041 19 FEB 1982 (3)

**FOIA**

M2008-109

**Box Number** 4

PRESSLER

11

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
55476	PAPER	DISCUSSION FOR NSC MEETING (DUPLICATE OF 55464) <b>R 10/8/2010 M109/1</b>	2	2/18/1982	B1
55477	PAPER	DISCUSSION FOR NSC MEETING (DUPLICATE OF 55464) <b>R 10/8/2010 M109/1</b>	2	2/18/1982	B1
55478	PAPER	BACKGROUND RE CARIBBEAN BASIN <b>R 5/11/2010 M109/1</b>	2	ND	B1
55479	LIST	ATTENDEES <b>PAR 2/7/2011 M109/1</b>	1	ND	B1 B3
55480	LIST	ATTENDEES <b>PAR 2/7/2011 M109/1</b>	1	2/4/1982	B1 B3

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*Amf 8/15/08*

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TO CLARK

FROM FONTAINE

DOCDATE 18 FEB 82

NAU

18 FEB 82

SHOEMAKER

18 FEB 82

KEYWORDS: CARIBBEAN

CBI

NSC

SUBJECT: CLARK & PRES BRIEFING BOOKS FOR 19 FEB NSC MEETING

ACTION: FWD TO PRES FOR INFO

DUE:

STATUS C

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FOR ACTION

FOR CONCURRENCE

FOR INFO

CLARK

BUSH, G

MEESE, E

BAKER, J

COMMENTS

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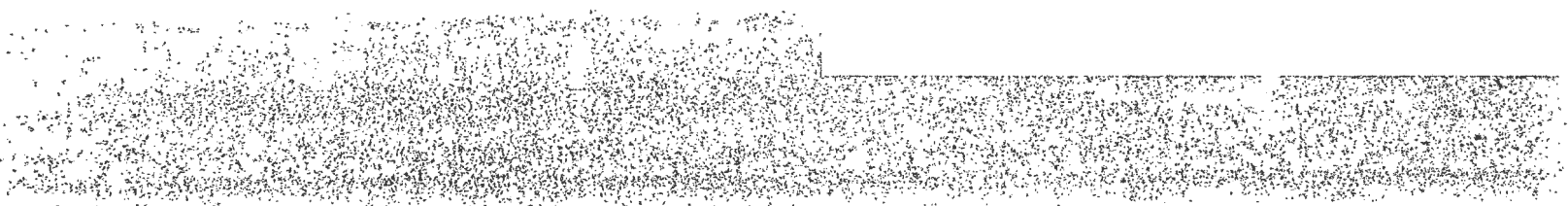
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W/ATTCH FILE

(C)

THE WHITE HOUSE  
WASHINGTON

*[Faint handwritten notes, possibly including the word "Review" and other illegible scribbles]*



*originals retained*

**THE WHITE HOUSE**

**NATIONAL SECURITY COUNCIL  
MEETING**

**1:30 PM**

**Friday, February 19, 1982**

THE PRESIDENT

UNCLASSIFIED UPON REMOVAL  
OF CLASSIFIED ENCLOSURES  
*smf 8/15/82*

A G E N D A

- 1. Overview - The Political, Economic and Military Elements of the Caribbean Basin Strategy Clark
- 2. Economic Elements Brock
- 3. Public Affairs and Legislative Strategy Supporting Caribbean Policy
  - Legislative Components and Timing Enders
  - Congressional Prospects Duberstein
  - Promotional Activities
    - o Congressional Duberstein
    - o Public Affairs Gergen
- 4. Closing Remarks Clark

THE WHITE HOUSE  
WASHINGTON

February 18, 1982

## MEMORANDUM FOR THE PRESIDENT

FROM: WILLIAM P. CLARK

SUBJECT: Brokering Agreement on CBI

At Jim Baker's last legislative strategy group meeting three CBI issues were identified as requiring further coordination:

- 1) how to deal with the impact of duty-free sugar on our domestic price support system;
- 2) whether we should go forward with a loan guarantee program for private investment in the Caribbean Basin; and
- 3) whether to exclude additional products (e.g. shoes) from the duty-free category

Meetings today including Stockman, Block, STR, Enders, Lyng and McFarlane resolved two of the issues and agreed that the third (additional exclusions) should not be reconsidered.

1) Sugar. All agreed upon a concept (to be drafted tonight by Agriculture) which would allow Caribbean countries to export sugar up to their highest recent historical level duty-free. There would, however, be an absolute ceiling on the overall level of sugar imports from the Caribbean. Any sugar to be shipped above that level would be subject to a charge sufficient to avoid harm to U.S. producers. There would also be a provision for assuring that no single country was discriminated against within the regional ceiling.

2) Loan Guarantees. Dave Stockman is hard against expanding contingent loan liabilities. State accepts OMB's position. State would like to offset that loss by upping the level of economic assistance to be included in the plan. Stockman insisted that any increase would have to be reprogrammed from economic assistance already allocated to other areas but Dave did offer to match dollar for dollar any funds State can find (probably a maximum of \$50 million) with funds he would find in other accounts. State is content with that.

3) Fencing Other Products. All parties understand that we will face criticism and efforts to exclude other Caribbean products from the duty-free entitlement. Sugar has been accepted as requiring special treatment due to the force majeure of their congressional support and the imprudence of tinkering with the recently-approved price support system. All parties further agree, however, that to add to the list of "fenced" products would remove all credibility from the CBI at home and abroad.

In light of the agreements reflected above, I believe we are ready to proceed with the total CBI package.



THE WHITE HOUSE  
WASHINGTONINFORMATION

February 18, 1982

MEMORANDUM FOR THE PRESIDENT

FROM: WILLIAM P. CLARK

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

55476

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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NLRR M109 #55476  
BY KML NARA DATE 10/8/10

~~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~~

10  
(NSC/Bakshian)  
February 18, 1982  
3:00 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.

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 cut of

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

14

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.

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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.

90088

THE WHITE HOUSE

NATIONAL SECURITY COUNCIL  
MEETING

1:30 PM

Friday, February 19, 1982

JUDGE WILLIAM P. CLARK

UNCLASSIFIED UPON REMOVAL  
OF CLASSIFIED ENCLOSURES

*smf 8/15/08*

26

A G E N D A

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Military Elements of the  
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Supporting Caribbean Policy
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4. Closing Remarks Clark

for the February 19 NSC Meeting

Issue One: Elements of our Caribbean Strategy

- I want to begin the meeting by reviewing the various measures that have been undertaken or proposed for the Caribbean region including our measures to deal with Cuba.
- These measures have been previously discussed at Cabinet level and for the most part approved. The purpose in raising them today is to bring them all together so that we can assess whether or not we are moving ahead along a single track. I invite comments on any of the measures which I will categorize and which are listed in the discussion paper.

First, economic measures: These measures include positive measures undertaken in our Caribbean Basin Initiative to address the long-term problem of economic underdevelopment. Bill Brock and the Trade Policy Committee have been working intensively on these measures for much of the past year. They deserve our thanks for a job well done. The various measures of the CBI have been carefully sorted out. There are politically difficult measures in this package but not any that have not been thoroughly discussed and approved in three meetings of the TPC.

Second, they include political and diplomatic measures such as our support for elections in El Salvador and full US backing for the Central American Democratic Community. They also include punitive measures, against our adversaries, principally the Cubans, such as closing the Cuban Interests Section in Washington and strengthened economic sanctions.

Finally, there are security measures which include military assistance for El Salvador as well as for other friendly countries that need help, and military measures to provide, among other things, a heightened sense of threat to Cuba.

Issue Two: Legislative and Public Affairs Strategy

- The importance of effective legislative and public affairs strategy cannot be overstated. We will win or lose this issue at home. Our adversaries are perfectly aware of that fact and have been operating under that principle for some time.
- The Management Group has prepared a brief paper outlining immediate measures to be undertaken. We now need to review and approve those measures and set them in motion.
- Tom Enders will outline where we are on the Hill right now, based on his appearances over the past several weeks.
- (After Enders finishes) -- Ken Duberstein will now outline where we are going in the immediate future.
- (After Duberstein's presentation) -- And finally, Dave Gergen will discuss our public affairs strategy.
- (After Gergen finishes) -- Are there any other issues in terms of public affairs or legislative strategies which need to be addressed?

Issue Three: The President's Speech

- You have in front of you the latest draft of the President's OAS speech. It reflects substantial inputs from the Department of State, Defense, the DCI and NSC. The draft before you is not substantially different from the draft you saw before.
- I will ask that each of you review the speech one final time and provide your concurrences by noon tomorrow.

24

# URGENT

MEMORANDUM

System II  
90088

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

90088

*Contents  
destroyed  
BTM*

# THE WHITE HOUSE

## NATIONAL SECURITY COUNCIL MEETING

1:30 PM

Friday, February 19, 1982

MR. ROBERT C. MCFARLANE

UNCLASSIFIED UPON REMOVA  
OF CLASSIFIED ENCLOSURES

*smf 8/15/08*



DISCUSSION FOR NSC MEETING

55477

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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NLRR M109 # 55477

BY KML NARA DATE 10/8/10

- 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.

THE WHITE HOUSE

WASHINGTON

February 19, 1982

MEMORANDUM FOR JAMES A. BAKER, III  
EDWIN MEESE, III  
WILLIAM CLARK

THROUGH: RICHARD S. WILLIAMSON *Rich*

FROM: RICK NEAL *RN*

SUBJECT: THE STATUS OF THE CARIBBEAN BASIN INITIATIVE  
NEGOTIATIONS WITH PUERTO RICO AND THE VIRGIN  
ISLANDS

Since early December, the White House Task Force on Puerto Rico has coordinated discussions and consultations with appropriate Puerto Rico, Virgin Island, and Administration officials regarding the development of the Caribbean Basin Initiative.

The purpose of these consultations and discussions has been to ensure that Puerto Rico and the Virgin Islands will not be harmed, indeed would benefit, by the Caribbean Basin Initiative.

A great deal of progress has been made over the past two months. Negotiations continue to proceed in good faith. However, the issue of rum being included in the Caribbean Basin Initiative free trade area continues to be an obstacle to Puerto Rico and the Virgin Islands giving their unqualified support of the Caribbean Basin Initiative.

With regard to the Virgin Islands' concern over the rum issue, a possible tradeoff exists. The Virgin Islands have requested that the Administration commit to the completion of the Harry S. Truman Airport. While this is not the sole concern of the Virgin Islands regarding the Caribbean Basin Initiative, it is of such great importance to the future economic health of the Island that a commitment to its completion would most likely be an adequate tradeoff for the rum issue. \$45 million is needed to complete the airport project. \$15 million is needed immediately in order to avoid shutdown of current project activities.

Negotiations with Puerto Rico officials on the rum question are still open. Puerto Rico officials are meeting this morning in an effort to reach an agreement.

Failure to have the support of Puerto Rico and the Virgin Islands for the Caribbean Basin Initiative will create problems both in the Caribbean and on Capitol Hill. If it is perceived that the Caribbean Basin Initiative harms our possessions in the process of aiding the Caribbean, the entire measure will be viewed with skepticism by Caribbean leaders. In addition, the lack of Puerto Rico and Virgin Island support for the Caribbean Basin Initiative will create additional and unnecessary opposition on Capitol Hill.



35  
(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



31

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

46

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.

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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.

THE WHITE HOUSE

WASHINGTON

February 19, 1982

MEMORANDUM FOR JAMES A. BAKER, III  
EDWIN MEESE, III  
WILLIAM CLARK

THROUGH: RICHARD S. WILLIAMSON *Rich*

FROM: RICK NEAL *RN*

SUBJECT: THE STATUS OF THE CARIBBEAN BASIN INITIATIVE  
NEGOTIATIONS WITH PUERTO RICO AND THE VIRGIN  
ISLANDS

Since early December, the White House Task Force on Puerto Rico has coordinated discussions and consultations with appropriate Puerto Rico, Virgin Island, and Administration officials regarding the development of the Caribbean Basin Initiative.

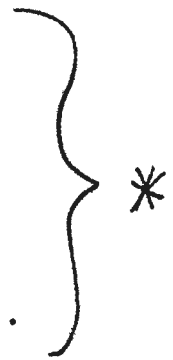
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With regard to the Virgin Islands' concern over the rum issue, a possible tradeoff exists. The Virgin Islands have requested that the Administration commit to the completion of the Harry S. Truman Airport. While this is not the sole concern of the Virgin Islands regarding the Caribbean Basin Initiative, it is of such great importance to the future economic health of the Island that a commitment to its completion would most likely be an adequate tradeoff for the rum issue. \$45 million is needed to complete the airport project. \$15 million is needed immediately in order to avoid shutdown of current project activities.

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Failure to have the support of Puerto Rico and the Virgin Islands for the Caribbean Basin Initiative will create problems both in the Caribbean and on Capitol Hill. If it is perceived that the Caribbean Basin Initiative harms our possessions in the process of aiding the Caribbean, the entire measure will be viewed with skepticism by Caribbean leaders. In addition, the lack of Puerto Rico and Virgin Island support for the Caribbean Basin Initiative will create additional and unnecessary opposition on Capitol Hill.



MEMORANDUM

THE WHITE HOUSE  
WASHINGTON

February 18, 1982

MEMORANDUM FOR THE PRESIDENT

FROM: WILLIAM P. CLARK

SUBJECT: Brokering Agreement on CBI

At Jim Baker's last legislative strategy group meeting three CBI issues were identified as requiring further coordination:

- 1) how to deal with the impact of duty-free sugar on our domestic price support system;
- 2) whether we should go forward with a loan guarantee program for private investment in the Caribbean Basin; and
- 3) whether to exclude additional products (e.g. shoes) from the duty-free category

Meetings today including Stockman, Block, STR, Enders, Lyng and McFarlane resolved two of the issues and agreed that the third (additional exclusions) should not be reconsidered.

1) Sugar. All agreed upon a concept (to be drafted tonight by Agriculture) which would allow Caribbean countries to export sugar up to their highest recent historical level duty-free. There would, however, be an absolute ceiling on the overall level of sugar imports from the Caribbean. Any sugar to be shipped above that level would be subject to a charge sufficient to avoid harm to U.S. producers. There would also be a provision for assuring that no single country was discriminated against within the regional ceiling.

2) Loan Guarantees. Dave Stockman is hard against expanding contingent loan liabilities. State accepts OMB's position. State would like to offset that loss by upping the level of economic assistance to be included in the plan. Stockman insisted that any increase would have to be reprogrammed from economic assistance already allocated to other areas but Dave did offer to match dollar for dollar any funds State can find (probably a maximum of \$50 million) with funds he would find in other accounts. State is content with that.

3) Fencing Other Products. All parties understand that we will face criticism and efforts to exclude other Caribbean products from the duty-free entitlement. Sugar has been accepted as requiring special treatment due to the force majeure of their congressional support and the imprudence of tinkering with the recently-approved price support system. All parties further agree, however, that to add to the list of "fenced" products would remove all credibility from the CBI at home and abroad.

In light of the agreements reflected above, I believe we are ready to proceed with the total CBI package.



National Security Council  
The White House

Package # 53088

	SEQUENCE TO	HAS SEEN	ACTION
John Poindexter	<u>1</u>	<u>✓</u>	
Bud McFarlane	<u>2</u>	<u>HAS SEEN</u>	
Jacque Hill	<u>3</u>		
Judge Clark	<u>4</u>		<u>A</u>
John Poindexter			
Staff Secretary			
Sit Room			

I-Information A-Action R-Retain D-Dispatch

DISTRIBUTION

CY To VP	<u>✓</u>	Show CC	
CY To Meese	<u>✓</u>	Show CC	
CY To Baker	<u>✓</u>	Show CC	
CY To Deaver		Show CC	

Other \_\_\_\_\_

COMMENTS



MEMORANDUM

NATIONAL SECURITY COUNCIL

ACTION

February 18, 1982

MEMORANDUM FOR WILLIAM P. CLARK

FROM:           ROGER FONTAINE *RF*  
                  HENRY NAU *HN/CS*  
                  CHRIS SHOEMAKER *CS*  
                  RICHARD CHILDRESS *RC*

SUBJECT:         NSC Meeting -- February 19

At Tab I is a memorandum from you to the President outlining the agenda for the NSC meeting and appropriate background material. The memorandum also forwards a list of economic, political and security measures underway or proposed (Tab A) and the Management Group's recommended legislative/public affairs strategy (Tab B). The latest draft of the President's speech will be provided to the participants at the meeting.

At Tab II are suggested talking points for your use at the meeting.

RECOMMENDATION

That you approve and forward memo at Tab I with enclosures to the President.

Approve \_\_\_\_\_ Disapprove \_\_\_\_\_

Attachments

Tab I    Memo to the President  
          Tab A    Current and proposed measures  
          Tab B    Legislative/public affairs strategy  
Tab II    Suggested talking points



DEPARTMENT OF STATE

Washington, D. C. 20520

S/S 8204152

SYSTEM II

90088


February 18, 1982

~~CONFIDENTIAL~~

MEMORANDUM FOR MR. WILLIAM P. CLARK  
THE WHITE HOUSE

Subject: NSC Meeting on the Caribbean Basin Initiative  
(CBI), Friday, February 19, 1:30 p.m.

Attached is a background paper on the Caribbean Basin Initiative prepared by the Department for use at the February 19 NSC meeting.

  
L. Paul Bremer, III,  
Executive Secretary

Attachment:

Background Paper on CBI

DECLASSIFIED  
Department of State Guidelines, July 21, 1997  
By smj NARA, Date 8/15/08

~~CONFIDENTIAL~~

GDS 2/18/88



The President will request a FY 82 supplemental assistance appropriation for \$300 million, to deal with the acute liquidity crisis faced by many countries in the region.

Other Items:

- A \$250 million increase in FY83 assistance will be directed into new programs aimed at removing basic impediments to growth.
- The US will extend more favorable treatment to Caribbean Basin textile exports under bilateral and multilateral agreements.
- If the quota provision of the Meat Act is triggered, the US will consider treating Basin meat allocations favorably.
- The US will seek to negotiate double taxation and bilateral investment treaties with interested countries.
- The US will work with multilateral development banks and the private sector to develop insurance facilities to supplement OPIC's non-commercial investment risk operation.
- The US Export-Import Bank will expand protection, where sound lending criteria allow, for short-term credit from US banks to local commercial banks used to finance Basin private sectors for critical imports by private firms.
- The US will develop private sector strategies for each country to focus the resources of business here and there, of private voluntary organizations and of the US Government to remove impediments to growth including problems such as regional transport, agricultural inspection, infrastructure and country policies.
- Because the CBI diffuses the advantages which Puerto Rico and the Virgin Islands now enjoy as outlets for U.S. investment, a package of offsetting benefits has been designed to reassure Puerto Rico and the Virgin Islands that the CBI will favorably affect them as well. These measures include: agreement that the excise tax collected on imported rum will be rebated to the possessions; that industries in the possessions will have recourse to petition under the CBI safeguard mechanism; and that Puerto Rico and Virgin Islands inputs in Basin products will be considered as domestic under the CBI rules of origin. There are also a number of measures being considered outside the CBI package ( For example expansion of the air port on St Thomas, the Virgin Islands.)

DECLASSIFIED

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~~CONFIDENTIAL~~

NATIONAL SECURITY COUNCIL MEETING

<u>Date</u>	<u>Subject</u>	<u>Participants</u>
2/19/82 1:30-3:00 p.m. Cabinet Room	Caribbean Basin Speech	The President The Vice President <u>State</u> Under Secretary Lawrence S. Eaglebur Assistant Secretary Thomas O. Enders <u>Treasury</u> Assistant Secretary Marc Leland <u>OSD</u> Secretary Caspar W. Weinberger Under Secretary Fred C. Ikle <u>Agriculture</u> Secretary John R. Block <u>Commerce</u> Under Secretary Lionel Olmer <u>OMB</u> Mr. David Stockman Mr. William Schneider Mr. Ed Harper <u>CIA</u> Mr. William J. Casey <u>USTR</u> Ambassador William Emerson Brock III <u>JCS</u> General David C. Jones Lt Gen Paul F. Gorman <u>AID</u> Mr. Peter McPherson <u>White House</u> Mr. Edwin Meese III Mr. James A. Baker III Judge William P. Clark Mr. Robert C. McFarlane Mr. Martin C. Anderson Mr. Ken Duberstein Mr. Craig Fuller Mr. David Gergen Mr. Lewis R. Cavaney Mr. Richard Williamson Mr. Aram Bakshian <u>NSC</u> Colonel Michael O. Wheeler Mr. Roger Fontaine Mr. Henry Nau

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Sec. 3.4(b), E.O. 12958, as amended  
White House Guidelines, Sept. 11, 2006  
BY NARA SM, DATE 8/15/06

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NSC

THE CABINET ROOM

Leland

Cavaney

AID Brock

USUN  
(?)

Enders

Eagleburger

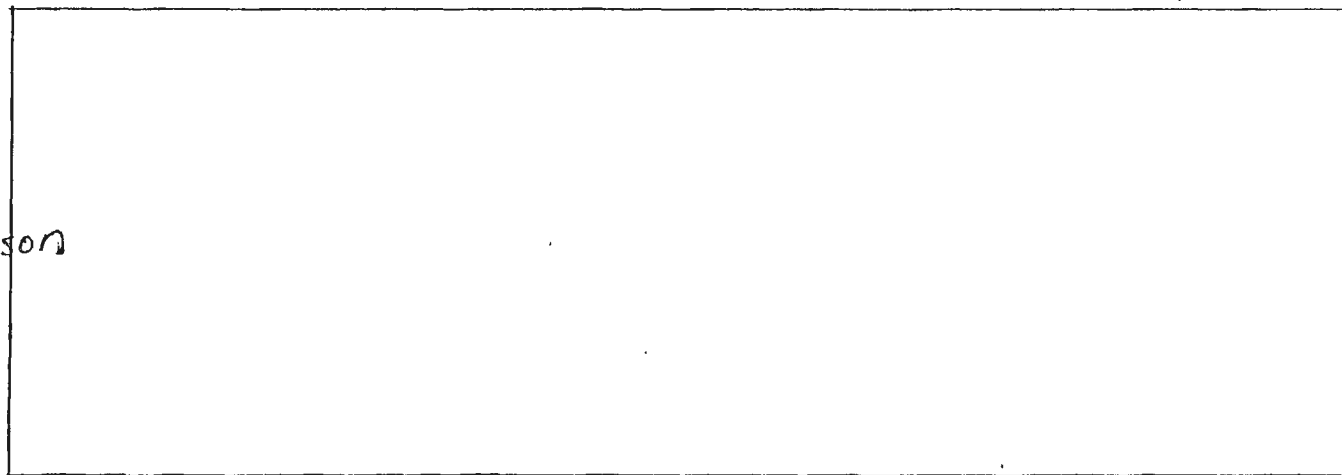
(P)

Weinberger

Ikle

Block

Olmer



Williamson

Schneider

Williamson

Fuller

Duberstein

Jones

Casey

Clark

(VP)

Meese

Baker

Anderson

Gergen

Gorman

McFarlane

Nau

Fontaine

Wheeler

DOOR

CONFIDENTIAL

NATIONAL SECURITY COUNCIL MEETING

Friday, February 19, 1982  
1:30 - 2:30 p.m.  
The Cabinet Room

Attendees

The President

The Vice President

State

Mr. Lawrence S. Eagleburger, Under Secretary for Political Affairs  
Ambassador Thomas O. Enders, Assistant Secretary, Bureau of  
Inter-American Affairs

Treasury

Mr. Marc Leland, Assistant Secretary for International Affairs  
(Secretary Regan is out of town)

OSD

Secretary Caspar W. Weinberger  
Under Secretary Fred C. Ikle

Agriculture

Secretary John R. Block

Commerce

Under Secretary Lionel Olmer (Secretary Baldrige is out of town)

OMB

Mr. William Schneider, Associate Director for National Security  
and International Affairs

CIA

Director William J. Casey

USUN

Ambassador Jeane J. Kirkpatrick

USTR

Ambassador William Emerson Brock III

JCS

General David C. Jones  
Lt Gen Paul F. Gorman

AID

Mr. Peter McPherson, Director (Note: he may have to take his  
wife to the hospital; in that event, he would like  
Otto Reich, Assistant Administrator, Latin Bureau, to  
attend)

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White House Guidelines, Sept. 11, 2008  
BY NARA Amf, DATE 8/15/08

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White House

Mr. Edwin Meese III  
 Mr. James A. Baker III  
 (Deaver is out of town)  
 Judge William P. Clark  
 Mr. Robert C. McFarlane  
 Mr. Martin C. Anderson  
 Mr. Ken Duberstein  
 Mr. Craig Fuller  
 Mr. David Gergen  
 Mr. Lewis R. Cavaney (Elizabeth Dole is out of town; Cavaney is her Deputy)  
 Mr. Richard Williamson (Director, International Relations -- invited by  
 James Baker)

NSC

Mike Wheeler  
 Roger Fontaine  
 Henry Nau

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 Sec.3.4(b), E.O. 12958, as amended  
 White House Guidelines, Sept. 11, 2006  
 BY NARA smf, DATE 8/15/08

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55479

NSC Meeting  
Feb 19, 1982  
1:30 p.m. - 3:00 p.m.  
Cabinet Room  
CH: President

NLRR M109 #55479

BY KML NARA DATE 2/7/2011

VP: 4213 (Terrie)✓  
State: 632-5804 (Sheila) (Stoessel and Enders)  
OSD: 695-4325 (Margaret)✓  
JCS: 695-4824 (Lt Col Bucknell)  
CIA: ██████████  
USTR: 3402 (Carolyn)  
OMB - 6816/6190 (Diana/ Judy)✓  
Commerce: Fifi (377-5283)✓  
Treasury: Joanna Shelton (566-2394)✓  
Agriculture: Vivian (447-3631)  
USUN: 632-8647 (Jackie)✓ - w/ Belgium PM in NY; will at least have a paper for WPC.  
AID - 632-9620 (P. Kay Davies)✓

13526  
E. O. 12958  
As Amended  
Sec. 35 (c)

Meese - 2235 (Flo)✓  
Baker - 6797 (Kay)✓  
Clark - 2255 (Florence)✓  
McFarlane - 2255 (Florence)✓  
Duberstein - 2230 (Annie Hughes)✓  
Gergen - 7873 (Debbie)✓  
Dole - 2270 (Shirley Ballard)✓  
OPD (Anderson) - 6515 (Churhhill)✓  
Craig Fuller - 2823 (Ade)✓

She worked on CBI last evening

NSC:  
Fontaine  
Nau  
Wheeler

Dole not there / out of town  
Red Cavanaugh (Deputy)

(Deaver out of town)

State called to say that both Haig and Stoessel would be out of town. (called to front office)

OPD:  
Mr. Martin C. Anderson

Treasury:

Mr. Marc Heland (Assistant Sec for International Affairs)

JCS:

Jones  
Gorman

USUN:

Amb Jeanne J. Kirkpatrick  
(maybe)

OMB:

Mr. William Schneider

CIA:

Mr. William Cas

USTR:

Amb Wm Brock

State:

Eightinger  
Evans

OSD:

Weinberger

VP:

VP  
no Murphy

Agriculture

Sec Black

Commerce:

Under Secretary  
Lionel Olmer

AID

Ma McPherson  
(may not attend because he has to take wife to doctor)  
Rep may attend

Per Poindexter to Wheeler, 2/4/82, p.m.

(NOTE: Wheeler informed Newell 2/4 p.m.; Wheeler informed Tyson 2/5 a.m.; McGraw informed Helen Donaldson, x7560 2/5 a.m.)

NSC MEETING

Thursday, February 11, 1982  
2:30 - 3:30 p.m.  
The Cabinet Room

Subject: Caribbean Basin Initiative (CBI)  
Chair: The President

Invitees

- VP - *May Ann* x4213
- State - *Shila* 632-5804
- Treasury - *Joanna Sheldon* 566-2394
- OSD - *Margaret* 695-4325
- Agriculture
- Commerce - *Allen Robbins* 377-5283

~~Labor~~  
~~Transportation~~

- Energy
- OMB - *Sandy* 6816 *Judy* 6190
- CIA - [REDACTED]
- USUN - *Jackie* 632-8647

- USTR - *Carol Browning* X3204
- JCS - *LTC Bucknell* 695-4824
- Clark - *Flaener*
- Meese - *Barbara* 2235
- Baker - *Margaret* 6797
- Deaver - *Shirley* 6475
- Nau - *Jerry*

[~~Fontaine - Sally~~]  
[Tyson - *May*]  
"Info Only"

Turned in  
90057  
With Brian Merchant  
2/12/82

13526  
E.O. 12958  
As Amended  
Sec. 3.5 (c)

{  
Tyson  
Ex Im Bal  
AID

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NLRRM109 #55480  
BY KML NARA DATE 2/7/2011



TALKING POINTS  
FEBRUARY 19, 1982 NSC MEETING  
CARIBBEAN BASIN INITIATIVE

I. Introduction

-- The purpose of today's meeting is to reaffirm the several decisions which have been taken on components of the Caribbean Basin Initiative and to consider the Congressional and Public Affairs promotional activities essential to success.

-- This program has been under development for almost a year.

-- It has political, economic and military dimensions. The political dimension is focussed upon an effort to conduct elections and achieve greater progress toward pluralism in Central America.

-- The economic component is built around major initiatives in the area of trade, aid and investment. At this time I would like to call upon Bill Brock, who has masterminded the development of the trade initiative.

II. Investment Tax Credits

(After Brock's presentation)

-- The second element of the Caribbean Basin Initiative concerns extending the application of domestic investment tax credits to the Caribbean area. I would like to call upon Don Regan for an overview of this element.

III. The Legislative Package

-- As Don and Bill have made clear, we will face an uphill battle to carry this program through the Congress. At this time I would like for Tom Enders to define the legislative components of the proposal.

IV. Congressional Prospects and Prognosis

-- These measures involve appropriations as well as trade and tax measures. There has been a substantial amount of consultation at the staff level but I would like to call upon Ken Duberstein to give us his appraisal of how the package will fare.

-- In addition, Ken can lay out for us the promotional activities that will precede submission of the package next week.

V. Public Affairs

-- Finally it is clear that for this initiative to succeed it must have the support of the American people. Jim Baker and Dave Gergen have considered the public affairs strategy issue and I would like for Dave to explain the near-term schedule of affairs.

VI. Discussion

-- Needless to say, a program of this boldness and scope will have many critics. So that we can plan for how best to counter these, it would be useful for others who have contributed to the development of this Caribbean Basin Initiative to comment at this time.

-- First of all, it would be worthwhile for Mac Baldrige to comment on the reaction within the commercial community.

-- The special provisions to cope with the effects of duty free sugar imports have required a particular amount of examination. Jack Block, Dave Stockman and Dave McDonald put this together last night and I would like for Jack to summarize the concept.

-- There are also obvious budget implications and I would like to call upon Dave Stockman to summarize these at this time.

-- Finally, Jeane Kirkpatrick has been a leading mentor in the development of all components of the package. Jeane would you care to comment.