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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. draft	press statement re: Reykjavik summit (2pp)	10/13/86	P1
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RESTRICTION CODES

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- P-2 Relating to appointment to Federal office [(a)(2) of the PRA].
- P-3 Release would violate a Federal statute [(a)(3) of the PRA].
- P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA].
- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA].
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- F-2 Release could disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA].
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Dana

VFW -
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WASHINGTON'S FORGOTTEN MAXIM

An Address By Teddy Roosevelt
Assistant Secretary of the Navy
Naval War College
June 1897

* "In this country there is not the slightest danger of an over-development of warlike spirit; and there never has been any such danger. In all our history there has never been a time when preparedness for war was any menace to peace. On the contrary, again and again we have owed peace to the fact that we were prepared for war"

"We are a great peaceful nation; a nation of merchants and manufacturers, of farmers and mechanics; a nation of workingmen, who labor incessantly with head or hand. It is idle to talk of such a nation ever being led into a course of wanton aggression or conflict with military powers by the possession of a sufficient navy...."

"Preparation for war is the surest guaranty for peace...."

* "Nelson said that the British fleet was the best negotiator in Europe, and there was much truth in the saying...."

"A really great people, proud and high-spirited, would face all the disasters of war rather than purchase that base prosperity which is bought at the price of national honor. All the great masterful races have been fighting races, and the minute that a race loses the hard fighting virtues, then, no matter what else it may retain, no matter how skilled in commerce and finance, in science or art, it has lost its proud right to stand as the equal of the best...."

"Better a thousand times err on the side of over-readiness to fight, than to err on the side of tame submission to injury, or cold-blooded indifference to the misery of the oppressed...."

"As yet no nation can hold its place in the world, or can do any work really worth doing, unless it stands ready to guard its rights with an armed hand...."

Roosevelt (continued)

"But it is also necessary that the nation should have physical no less than moral courage; the capacity to do and dare and die at need, and that grim and steadfast resolution which alone will carry a great people through a great peril...."

"The United States has never once in the course of its history suffered harm because of preparation for war,.... But we have suffered incalculable harm, again and again, from a foolish failure to prepare for war or from reluctance to fight when to fight was proper...."

"Unreadiness for war is merely rendered more disastrous by readiness to bluster; to talk defiance and advocate a vigorous policy in words, while refusing to back up these words by deeds, is cause for humiliation. It has always been true, and in this age it is more than ever true, that it is too late to prepare for war when the time for peace has passed. The short-sightedness of many people, the good-humored indifference to facts of others, the sheer ignorance of a vast number, and the selfish reluctance to insure against future danger by present sacrifice among yet others — these are the chief obstacles to building up a proper navy and carrying out a proper foreign policy...."

* "... the truth of Washington's adage, that in time of peace it is necessary to prepare for war."

"We must... make up our minds once for all to the fact that it is too late to make ready for war when the fight has once begun. The preparation must come before that...."

"It can... be taken for granted that there must be adequate preparation for conflict, if conflict is not to mean disaster. Furthermore, this preparation must take the shape of an efficient fighting navy...."

"Tame submission to foreign aggression of any kind is a mean and unworthy thing; but it is even meaner and more unworthy to bluster first, and then either submit or else refuse to make those preparations which can alone obviate the necessity for submission..."

Roosevelt (continued)

"In public as in private life, a bold front tends to insure peace and not strife. If we possess a formidable navy, small is the chance indeed that we shall ever be dragged into a war to uphold the Monroe Doctrine..."

* "It is certain,... that we need a first-class navy. It is equally certain that this should not be merely a navy for defense...."

"... in war the mere defensive never pays, and can never result in anything but disaster. It is not enough to parry a blow. The surest way to prevent its repetition is to return it...."

"Diplomacy is utterly useless where there is no force behind it; the diplomat is the servant, not the master, of the soldier. The prosperity of peace, commercial and material prosperity, gives no weight whatever when the clash of arms comes"

** "... if we mean to uphold our interests in the teeth of the formidable Old World powers, we can only do it by being ready at any time, if the provocation, is sufficient, to meet them on the seas, where the battle for supremacy must be fought...."

"A nation should never fight unless forced to; but it should always be ready to fight. The mere fact that it is ready will generally spare it the necessity of fighting..."

"An unmanly desire to avoid a quarrel is often the surest way to precipitate one; and utter unreadiness to fight is even surer..."

"If in the future we have war, it will almost certainly come because of some action, or lack of action, on our part in the way of refusing to accept responsibilities at the proper time, or failing to prepare for war when war does not threaten..."

Roosevelt (continued)

** "We ask for a great navy, partly because we think that the possession of such a navy is the surest guaranty of peace..."

"Peace, like freedom, is not a gift that tarries long in the hands of cowards, or of those too feeble or too short-sighted to deserve it..."

The Europa Year Book 1986

A WORLD SURVEY

VOLUME I

PART ONE INTERNATIONAL ORGANIZATIONS

PART TWO AFGHANISTAN-JORDAN

EUROPA PUBLICATIONS LIMITED

ICELAND

Introductory Survey

Location, Climate, Language, Religion, Flag, Capital

The Republic of Iceland comprises one large island and numerous smaller ones, situated near the Arctic Circle in the North Atlantic Ocean. The main island lies about 300 km south-east of Greenland, about 1,000 km west of Norway and about 800 km north of Scotland. The Gulf Stream keeps Iceland warmer than might be expected, with average temperatures ranging from 10°C (50°F) in the summer to 1°C (34°F) in winter. Icelandic is the official language. Almost all of the inhabitants profess Christianity: the Evangelical Lutheran Church is the established church and embraces 93% of the population. The national flag (proportions 25 by 18) displays a red cross, bordered with white, on a blue background, the upright of the cross being to the left of centre. The capital is Reykjavík.

Recent History

Iceland became independent on 17 June 1944, when the Convention that linked it with Denmark, under the Danish throne, was terminated. Iceland is a founder member of the Nordic Council (1953) and has belonged to both NATO and the Council of Europe since 1949.

From 1959 to 1971 Iceland was governed by a coalition of the Independence and Social Democratic Parties. In the general election of June 1971 there was a swing to the left, and Ólafur Jóhannesson, the leader of the Progressive Party, formed a coalition government with the People's Alliance and the Union of Liberals and Leftists. Elections held in June 1974 showed a swing back to the right, and in August the Independence and Progressive Parties formed a coalition led by Geir Hallgrímsson. Loss of popularity through its treatment of Iceland's economic problems, such as the perpetuation of rampant inflation by index-linked wage settlements, led to the Government's resignation in June 1978, following extensive election gains by the left-wing People's Alliance and Social Democratic Party. Disagreements over economic measures, and over the People's Alliance's policy of withdrawal from NATO, led to two months of negotiations before a new government was formed. In September 1978 Jóhannesson, the former Prime Minister, formed a coalition of his own Progressive Party with the People's Alliance and the Social Democrats, but this government, after dealing with immediate economic necessities, resigned in October 1979, when the Social Democrats withdrew. A caretaker administration was formed by Benedikt Gröndal, the Social Democratic leader. General elections held in December were inconclusive, and in February 1980 Gunnar Thoroddsen of the Independence Party formed a coalition with the People's Alliance and Progressive Party.

In June 1980 Vigdís Finnbogadóttir, a non-political candidate who was favoured by left-wing groups because of her opposition to the US military airbase in Iceland, achieved a narrow victory in the election for the mainly ceremonial office of President. She took office on 1 August 1980, becoming the world's first popularly-elected female Head of State, and began a second four-year term (unopposed and without an election) in August 1984.

The coalition government lost its majority in the Lower House of the Althing in September 1982, and a general election was held in April 1983. The Independence Party received the largest share (38.7%) of the votes, but there was a swing away from traditional parties, with two new parties (the Social Democratic Alliance and the Women's Alliance) together winning nearly 13% of the votes. A centre-right coalition was formed between the Independence and Progressive Parties, with Steingrímur Hermannsson, the Progressive Party leader and former Minister of Fisheries and Communications, as Prime Minister, and Geir Hallgrímsson, Prime Minister from 1974 to 1978 and leader of the Independence Party, as Minister for Foreign Affairs. In an attempt to halt spiralling inflation (see

Economic Affairs), the Government discontinued wage indexation, extended existing wage agreements and devalued the króna in May 1983. Although this brought inflation down to an average of about 18% in the year to August 1984, a strike by over 11,000 public-sector employees, concerned at the fall in their real incomes over the past three years and demanding wage increases of 30%, paralysed the country's economy for a month in October. The Government eventually agreed to wage increases of about 22% over the next 14 months, but refused to reintroduce wage indexation. In November 1984 the króna was again devalued. In March 1985, after a two-week strike, Iceland's fishermen were awarded a 30% wage increase. Real wages had fallen below the levels of late 1983 and of most of 1984. The wage contracts between the Government and the trade unions could be repealed from September 1985 onwards, and, to forestall the threat of further strikes, in June 1985 the private-sector employers secured with the Icelandic Federation of Labour, a no-strike agreement, valid for 18 months, in return for a 15% wage increase.

The importance of fishing to Iceland's economy, and fears of excessive exploitation of the fishing grounds near Iceland by foreign fleets, caused the Icelandic Government to extend its territorial waters to 12 nautical miles (22 km) in 1964 and to 50 nautical miles (93 km) in September 1972. British opposition to these extensions produced two 'cod wars'. In October 1972 Iceland unilaterally introduced a fishing limit of 200 nautical miles (370 km), both as a conservation measure and to protect important Icelandic interests. The 1973 agreement on fishing limits between Iceland and the United Kingdom expired in November 1975 and failure to reach a new agreement led to the third and most serious 'cod war'. Casualties occurred, and in February 1976 Iceland temporarily broke off diplomatic relations with Britain, the first ever diplomatic break between two NATO countries. In June 1976 the two countries reached an agreement, and in December the British trawler fleet withdrew from Icelandic waters. In June 1979 Iceland declared its exclusive rights to the 200-mile fishing zone.

In May 1985 the Althing unanimously approved a resolution declaring the country a 'nuclear free zone', i.e. banning the entry of nuclear weapons.

Government

According to the Constitution, executive power is vested in the President (elected for four years by universal adult suffrage) and the Cabinet, consisting of the Prime Minister and other Ministers appointed by the President. In practice, however, the President performs only nominally the functions assigned by the Constitution to this office, and it is the Cabinet alone which holds real executive power. Legislative power is held jointly by the President and the Althing (Parliament), with 60 members elected by universal suffrage for four years (subject to re-election by the President), using a mixed system of proportional representation. The Althing chooses 20 of its members to form the Upper House, the other 40 forming the Lower House. For some purposes the two Houses sit jointly as the United Althing. Electoral reforms, approved by the Althing in 1983 (subject to approval by the next Althing, in accordance with the Constitution), include the creation of three new seats and the lowering of the minimum voting age from 20 to 18 years. The Cabinet is responsible to the Althing. Iceland has seven administrative districts.

Defence

Iceland has no defence forces of its own but is a member of the North Atlantic Treaty Organization (NATO) (see p. 181). There are units of US forces at Keflavík air base, which is used for observation of the North Atlantic Ocean, under an agreement made in 1951 between Iceland and NATO. The airfield at Keflavík is a base for the new US airborne early warning system.

An agreement between Iceland and the USA in October 1974 limited US troops stationed in Iceland to 2,900. In July 1983 Iceland agreed to the construction of a military and civilian air-terminal at Keflavik, funded by the USA at a cost of US \$120m.

Economic Affairs

The Icelandic economy is excessively dependent on fishing, which provided 68% of total visible export receipts in 1983, and 67% in 1984. Iceland is, therefore, very susceptible to movements in world prices of fish products and to fluctuations in the size of its catches. The modernized trawler fleet supplies about 80 freezing plants, which produce white fish fillets, frozen prawns, scallops, Norway lobster (scampi) and capelin. Other fish products, such as oil, meal and salted fish, are major exports. During the 1970s, an increase in fisheries production was made possible by Iceland's exclusive rights over an extended fishing zone (see Recent History). Iceland's total annual catch rose from 681,000 metric tons in 1971 to 1,641,000 tons in 1979. In 1981, however, there was a decline in catches of herring, halibut and capelin, the last of which had accounted for up to 15% of total exports. The total catch slumped from 1,435,000 tons in 1981 to 786,000 tons in 1982, mainly because of a temporary ban on capelin fishing, to preserve stocks. Catches of capelin were only 13,200 tons in 1982, compared with more than 640,000 tons in 1981. The total catch rose to 835,000 tons (including 133,500 tons of capelin) in 1983, and to 1,525,000 tons (including about 865,000 tons of capelin) in 1984. Catches of cod, the most valuable part of the total, declined from 461,000 tons in 1981 to 294,000 tons in 1983, and to 281,500 tons in 1984.

Very little land is arable, but good grazing keeps Iceland self-sufficient in meat and milk products. Production costs are high and exports have to be subsidized. In recent years the wool industry has developed rapidly, a total of 1,533 metric tons being produced in 1983.

Iceland's only significant natural resource, apart from fish, is its potential for cheap hydroelectric and geothermal power production. Geothermal energy is used for home heating and in diatomite production, and may be more fully exploited as a substitute for increasingly expensive imported petroleum products, of which 60% come from the USSR. In 1982 Iceland's economically harnessable hydroelectric power was estimated at 30,000 GWh per annum, of which only about 10% was being utilized. Total installed capacity was 750 MW in 1983; a new plant with capacity of 150 MW was due to begin operating in 1987. Cheap hydroelectricity is used by the aluminium plant owned by the Swiss Alusuisse group. At this plant imported ore is processed, producing ingots and rolling slabs for export. Aluminium exports contributed 17.6% of total visible export receipts in 1983, and 14.6% in 1984. Other foreign companies have shown an interest in the establishing of plants in Iceland for energy-intensive processes. Norway owns a 45% share in Iceland's first ferro-silicon plant in Whale Bay, which began exporting in 1979.

In 1984 the principal sources of imports to Iceland were the Federal Republic of Germany, Denmark, the USSR and the Netherlands; its main export markets were the USA, the United Kingdom, the Federal Republic of Germany and the USSR. Iceland joined EFTA in 1970, and negotiated a trade agreement with the EEC in 1972. Tariffs on Icelandic fish exports to the EEC were reduced after the settlement of the fisheries dispute with the United Kingdom. The final abolition of tariffs between Iceland and the EEC and EFTA took place on 1 January 1980. In 1984 EFTA countries took 12.7% of exports and provided 21.2% of imports, while EEC members accounted for 38.2% of exports and 47.3% of imports; the USA took 28% of exports.

In recent years the Icelandic economy has experienced the difficulties resulting from severe inflation, which rose from an annual average of 33% during 1971-80 to averages of 52% in 1981, 49% in 1982 and 87% in 1983. Large pay rises, accompanied by the index-linking of wages to the price level, have meant that inflation has remained high. Government economic policy has been mainly directed towards maintaining full employment, reducing inflation and minimizing borrowing abroad. In May 1983 the Government announced that the policy of wage indexation was to be discontinued; the rate of inflation subsequently fell, averaging about 18% in the 12 months to August 1984, but rose again after a serious strike in the public

sector in October, which resulted in wage increases of about 22% until the end of 1985. By December 1985, after falling to an average of about 13% in May, the annual inflation rate had risen to 30%. Price rises have forced repeated devaluation of the currency to maintain competitive pricing of fish exports: the value of the króna depreciated by 57% between 1973 and 1977. Three devaluations in 1981 were followed by devaluations of 12% and 14.3% in 1982, of 9% in January 1983 and of 14.6% in May 1983. In November 1984 the króna was devalued by 12%. In January 1981 a 'new' króna was introduced, equivalent to 100 'old' krónur. Controls on interest rates were abolished in August 1984, and in October rates reached about 28%, among the highest, in real terms, in the world.

The trade deficit increased from 949m. krónur in 1981 to 3,168m. in 1982, owing to falling fish catches and depressed world demand for aluminium and ferro-silicon. Exports of these metals improved, however, in 1983 and 1984. The trade deficit fell to 1,973m. krónur in 1983, but rose to 3,187m. krónur in 1984. Gross national product (GNP), measured in constant prices, increased by 2.1% in 1981, compared with a 5.4% rise in 1980, but it fell by 0.9% in 1982 and by a further 5.7% in 1983. However, real GNP increased by 2.5% in 1984. Iceland's foreign debt amounted to the equivalent of 42% of GNP at the end of 1982, and had risen to 55% of GNP by late 1984. Unemployment remained at below 1% of the labour force in 1982, rising to an average of 1% in 1983, and remaining below 2% during 1984, in spite of the Government's anti-inflationary measures.

Transport and Communications

There are no railways. Much of the interior is uninhabited and the main road follows the coastline. Regular motor coach services link the main settlements. At 31 December 1984 Iceland had 11,619 km (7,220 miles) of roads, including 3,749 km (2,330 miles) of main roads. Heavy freight is carried by coastal shipping. The principal seaport for international shipping is Reykjavik. Development plans provide for new roads and harbour installations. Air transport is particularly important to Iceland and is used, for example, to transport agricultural produce from remote districts. There are regular air services between Reykjavik and outlying townships. Iceland's international airport is at Keflavik, 47 km from Reykjavik, and there are regular flights to North America and to several European countries.

Social Welfare

There is a comprehensive system of social security, providing a wide range of insurance benefits, including old-age pensions, family allowances, maternity grants, widows' pensions, etc. Contributions to the scheme are compulsory. Pensions and health insurance now apply to the whole population. Accident insurance applies to all wage and salary earners and self-employed persons—unless they request exemption—and unemployment insurance to the unions of skilled and unskilled workers and seamen in all towns and villages of over 300 inhabitants, as well as to several unions in villages of less than 300 inhabitants. In 1980 there were 488 physicians working in Iceland, and the country had 46 hospital establishments, with a total of 3,730 beds, equivalent to one for every 61 inhabitants: one of the best ratios in the world.

Education

Education is compulsory and free for eight years between seven and 15 years of age. Primary education, beginning at the age of seven and lasting for six years, is available in day schools in urban regions, while in the more remote country districts pupils attend a state boarding-school. The total enrolment at primary schools in 1982 was equivalent to 97% of children in the relevant age-group. Secondary education begins at 13 years of age and lasts for up to seven years, comprising a first cycle of three years and a second of four years. Enrolment at secondary schools in 1982 was equivalent to 88% of children in the appropriate age-group. In 1974 the primary and lower secondary schools were formed into basic schools, leading to a national examination which gives access to further education. The matriculation examination at the end of four years at upper secondary school or at comprehensive school provides the qualification for university entrance. Iceland has three institutions of higher learning.

ICELAND

Introductory Survey

Tourism

Iceland's main attraction for tourists lies in the ruggedness of the interior with its geysers and thermal springs. Following a period of rapid growth between 1968 and 1971, when the number of foreign visitors to Iceland increased by 50%, the rate of expansion slowed. Tourist arrivals fell from about 76,900 in 1979 to 65,900 in 1980, recovering to 72,600 in 1982, 77,600 in 1983 and 85,200 in 1984. Receipts from foreign visitors totalled 659m. krónur in 1982, 1,462m. in 1983 and 2,030m. in 1984.

Public Holidays

1986: 1 January (New Year's Day), 27 March (Maundy Thursday), 28 March (Good Friday), 31 March (Easter Monday), 8 May (Ascension Day), 19 May (Whit Monday), 17 June (National Day), 8 August (Bank Holiday), 24-26 December (Christmas), 31 December (New Year's Eve).

1987: 1 January (New Year's Day), 16 April (Maundy Thursday), 17 April (Good Friday), 20 April (Easter Monday), 28 May (Ascension Day), 8 June (Whit Monday), 17 June (National Day), 8 August (Bank Holiday), 24-26 December (Christmas), 31 December (New Year's Eve).

Weights and Measures

The metric system is in force.

Currency and Exchange Rates

100 aurar = 1 new Icelandic króna.

Exchange rates (30 September 1985):

£1 sterling = 58.02 krónur;

US \$1 = 41.18 krónur.

Statistical Survey

Source (unless otherwise stated): National Economic Institute of Iceland, Reykjavík; tel. (1) 26699.

AREA AND POPULATION

Area: 103,000 sq km (39,769 sq miles).

Population: 204,930 (males 103,621; females 101,309) at census of 1 December 1970; 240,443 registered at 1 December 1984.

Density (per sq km): 2.3 (1984).

Births, Marriages and Deaths (1983): Live births 4,371 (birth rate 18.4 per 1,000); Marriage rate 5.9 per 1,000; Deaths 1,653 (death rate 7.0 per 1,000).

Employment* (1982): Agriculture, forestry and fishing 13,900; Mining, quarrying and manufacturing 26,300; Construction 11,700; Trade, restaurants and hotels 15,500; Community, social and personal services 27,500; Total (incl. others) 113,800.

* Figures refer to the working population covered by compulsory social insurance.

AGRICULTURE, ETC.

Principal Crops (metric tons, 1983): Potatoes 3,561; Turnips 366.

Livestock (December 1984): Cattle 72,700; Sheep 712,900; Horses 52,200; Pigs 2,300; Poultry 302,300.

Livestock Products (metric tons, 1983): Mutton and lamb 13,600; Milk 119,500; Wool (unwashed) 1,533; Sheep skins 2,818; Eggs 3,200.

Fishing ('000 metric tons, live weight, 1984): Atlantic cod 281.5; Haddock 47.2; Saithe 60.4; Atlantic redfishes 108.3; Capelin 864.8; Atlantic herring 49.7; Crustaceans 26.9; Total (incl. others) 1,525.1.

INDUSTRY

Selected Products ('000 metric tons, 1982): Frozen fish 133; Salted, dried or smoked fish 104; Cement 128; Aluminium (unwrought) 75.2; Electric energy 3,589 million kWh.

FINANCE

Currency and Exchange Rates: 100 aurar (singular: eyrir) = 1 new Icelandic króna (plural: krónur). *Coins:* 5, 10 and 50 aurar; 1 and 5 krónur. *Notes:* 10, 50, 100 and 500 krónur. *Sterling and US Dollar equivalents* (30 September 1985): £1 sterling = 58.02 krónur; US \$ = 41.18 krónur; 1,000 new krónur = £17.23 = \$24.28. *Average Exchange rate* (new krónur per US \$): 12.352 in 1982; 24.843 in 1983; 31.694 in 1984.

Note: The new króna, equal to 100 old krónur, was introduced on 1 January 1981.

Budget (million new krónur, 1984): *Revenue:* Direct taxes 3,230 (taxes on income and wealth 3,046); Indirect taxes 17,746 (sales tax 8,192, taxes on alcohol and tobacco 1,203, excise tax 1,245, import duties 3,298, other indirect taxes 3,808); Non-tax revenue 1,112; Total 22,088. *Expenditure* (excluding net lending): General administration 1,974; Education 3,223; Health and welfare 8,599; Subsidies 818; Agriculture 907; Fisheries 443; Manufacturing 206; Power 913; Communications 2,150; Other purposes 1,241; Total 20,474.

International Reserves (US \$ million at 31 December 1984): Gold 1.7; IMF special drawing rights 0.4; Reserve position in IMF 4.0; Foreign exchange 123.3; Total 129.3. Source: IMF, *International Financial Statistics*.

Money Supply (million new krónur at 31 December 1984): Currency outside banks 964; Demand deposits at commercial and savings banks 6,709; Total money 7,673. Source: IMF, *International Financial Statistics*.

Cost of Living (consumer price index for Reykjavík; average of quarterly figures; base: 1 January 1968 = 100): 5,800.2 in 1982; 10,688.3 in 1983; 13,806.1 in 1984.

Gross Domestic Product in purchasers' values (million new krónur at current prices): 32,692 in 1982; 56,070 in 1983; 73,325 in 1984. Figures are provisional. Revised total for 1984 is 81,566 million krónur.

Balance of Payments (US \$ million, 1984): Merchandise exports f.o.b. 743.2, Merchandise imports f.o.b. -756.6, *Trade balance* -13.4; Exports of services 362.8, Imports of services -481.5, *Balance of goods and services* -132.1; Private unrequited transfers (net) 2.1, Government unrequited transfers (net), *Current balance* -131.3; Direct capital investment (net) 13.7, Other long-term capital (net) 99.3, Short-term capital (net) 31.6, Net errors and omissions -28.5, *Total* (net monetary movements) -15.2; Valuation change (net) -5.1, *Changes in reserves* -20.2. Source: IMF, *International Financial Statistics*.

EXTERNAL TRADE

Principal Commodities (million new krónur, distribution by SITC, 1982): *Imports c.i.f.:* Food and live animals 940.7; Crude materials (inedible) except fuels 738.6; Petroleum, petroleum products, etc. 1,738.0 (Refined petroleum products 1,688.1); Chemicals and related products 805.7; Basic manufactures 2,254.5; Machinery and transport equipment 3,173.0 (Road vehicles and parts, excl. tyres, engines and electrical parts, 733.7); Miscellaneous manufactured articles 1,663.5; Total (incl. others) 11,644.8. *Exports f.o.b.:* Fish, crustaceans, molluscs and preparations 5,996.0 (Fresh, chilled or frozen fish 3,224.9, Dried, salted or smoked fish 2,207.7); Basic manufactures 1,446.1 (Unwrought aluminium and alloys 852.2); Total (incl. others) 8,478.8.

Principal Trading Partners (million new krónur, country of consignment, 1984): *Imports c.i.f.:* Denmark 2,452, Federal Republic of Germany 3,377, Japan 1,221, Netherlands 2,343, Norway 1,654, Sweden 2,261, USSR 2,441, United Kingdom 2,209, USA 1,827; Total (incl. others) 26,744. *Exports f.o.b.:* France 869, Federal Republic of Germany 2,558, Japan 884, Portugal 1,000, Spain 1,081, Switzerland 887, USSR 1,844, United Kingdom 3,153, USA 6,686; Total (incl. others) 23,557.

TRANSPORT

Road Traffic (registered motor vehicles at 31 December 1984): Passenger cars 100,260; Buses and coaches 1,400; Goods vehicles 11,550.

Shipping: Merchant fleet (registered vessels, 1984): Fishing vessels 834 (displacement 112,847 grt); Passenger ships, tankers and other vessels 105 (displacement 81,513 grt). *International freight traffic* ('000 metric tons, 1982): Goods loaded 502; Goods unloaded 1,358.

Civil Aviation (external Icelandic traffic, '000, 1982): Kilometres flown 9,278, Passenger-kilometres 1,343,205, Cargo ton-kilometres 18,384, Mail ton-kilometres 4,560.

TOURISM

Foreign Visitors By Country of Origin (1983): Denmark 6,665, France 3,922, Federal Republic of Germany 8,765, Norway 5,345, Sweden 5,554, United Kingdom 8,868, USA 24,915; Total (incl. others) 77,592.

COMMUNICATIONS MEDIA

Radio Receivers (1984): 73,088 licensed.

Television Receivers (1984): 64,747 licensed.

Telephones (1982): 116,856 in use.

Books (production, 1982): 1,200 titles (incl. new editions).

Daily Newspapers (1982): 5 (combined circulation 114,000 copies per issue).

EDUCATION

1982: Pre-primary and primary: 216 institutions, 3,220 staff (incl. part-time teachers), 4,235 pre-primary students, 25,018 Primary students; Secondary: 115 institutions, 1,450 staff (incl. part-time teachers), 28,700 students; Universities and colleges: 3 institutions, 280 Staff (incl. part-time teachers), 4,600 students.

Source: Ministry of Education and Culture.

Directory

The Constitution

A new Constitution came into force on 17 June 1944, when Iceland declared its full independence. The main provisions of the Constitution are summarized below:

GOVERNMENT

The President is elected for four years by universal suffrage. All those qualified to vote who have reached the age of 35 years are eligible for the Presidency.

Legislative power is jointly vested in the Althing and the President. Executive power is exercised by the President and other governmental authorities in accordance with the Constitution and other laws of the land.

The President summons the Althing every year and determines when the session shall close. The President may adjourn meetings of the Althing but not for more than two weeks nor more than once a year. The President appoints the Ministers and presides over the State Council. The President may be dismissed only if a resolution supported by three-quarters of the Althing is approved by a plebiscite.

The President may dissolve the Althing. Elections must be held within two months and the Althing must reassemble within eight months.

The Althing is composed of 60 members, 49 of whom are elected by eight proportionately represented constituencies for a period of four years, while 11 supplementary seats are allotted to the parties for equalization, intended to achieve as near a truly proportional representation with regard to the total of votes gained by each party as possible, without raising the total number of members above 60. Substitute members are elected at the same time and in the same manner as Althing members. The Althing is divided into two houses, the Upper House (efri deild) and the Lower House (nedri deild); but sometimes both Houses work together as a United Althing. The Upper House consists of one-third of the members, whom the United Althing chooses from among the representatives, the remaining two-thirds forming the Lower House. Each House and the United Althing elects its own Speaker. The minimum voting age, both for local administrative bodies and for the Althing is 20 years and all citizens domiciled in Iceland may vote, provided they are of unblemished character and financially responsible.

The budget must be introduced in the United Althing but other bills may be introduced into either House. They must, however, be given three readings in each house and be approved by a simple majority before they are submitted to the President. If the President disapproves a bill, it nevertheless becomes valid but must be submitted to a plebiscite. Ministers may speak in either House, but may vote only in that of which they are members. The Ministers are responsible to the Althing and may be impeached by that body, in which case they are tried by the Court of Impeachment.

LOCAL GOVERNMENT

For purposes of local government, the country is divided into Provinces, Districts and Municipalities. The eight Urban Municipalities are governed by Town Councils, which possess considerable autonomy. The Districts also have Councils and are further grouped together to form the Provinces, over each of which a centrally appointed Chief Official presides. The franchise for municipal purposes is universal above the age of 20 years, and elections are conducted on a basis of proportional representation.

The Government

HEAD OF STATE

President: VIGDÍS FINNBOGADÓTTIR (took office 1 August 1980; began a second term 1 August 1984).

THE CABINET (December 1985)

A coalition of the Independence Party (IP) and the Progressive Party (PP).

Prime Minister: STEINGRÍMUR HERMANNSSON (PP).

Minister for Foreign Affairs: GEIR HALLGRÍMSSON (IP).

Minister of Agriculture, Justice and Ecclesiastical Affairs: JÓN HELGASON (PP).

Minister of Culture and Education: SVERRIR HERMANNSSON (IP).

Minister of Fisheries: HALLDÓR ÁSGRÍMSSON (PP).

Minister of Trade and Commerce: MATTHÍAS A. MATTHÍASSEN (IP).

Minister of Health, Social Security, and Communications: RAGNHILDUR HELGADÓTTIR (IP).

Minister of Finance: THORSTEINN PÁLSSON (IP).

Minister of Energy and Industry: ALBERT GUDMUNDSSON (IP).

Minister of Social Affairs: ALEXANDER STEFÁNSSON (PP).

MINISTRIES

All Ministries are in Reykjavík.

President

Presidential Election, 29 June 1980*

VIGDÍS FINNBOGADÓTTIR	43,399
GUDLAUGUR THORVALDSSON	41,899
ALBERT GUDMUNDSSON	25,567
PÉTUR THORSTEINSSON	18,155

* The presidential election that had been scheduled for 30 June 1984 was not held, as President Finnbogadóttir was the only candidate.

Legislature

ALTHING

Speaker of the United Althing: THORVALDUR G. KRISTJÁNSSON (IP).

Speaker of the Upper House: SALOME THORKELSDÓTTIR (IP).

Speaker of the Lower House: INGVAR GÍSLASON (PP).

Secretary-General (Clerk) of the Althing: FRANK SIGURDSSON.

General Election, 23 April 1983

	Votes	%
Independence Party	50,251	38.7
Progressive Party	24,095	18.5
People's Alliance	22,490	17.3
Social Democratic Party	15,214	11.7
Social Democratic Alliance	9,489	7.3
Women's Alliance	7,125	5.5
Others	1,298	1.0
Total	129,962	100.0

Political Organizations

Althýðubandalag (People's Alliance): Hverfisgötu 105, Reykjavík; tel. (1) 29244; f. 1956 by amalgamation of a section of the Social Democratic Party and the Socialist Unity Party, reorganized as a Socialist party 1968; Chair: JÓN BALDVIN HANNASSON; Parliamentary Leader RAGNAR ARNALDS.

Althýðuflokkurinn (Social Democratic Party): Althýðugötu 8-10, Reykjavík; f. 1916 with a moderate Social Democratic programme; Chair: KJARTAN JÓHANSSON; Parliamentary Leader EIDUR GUDNASON.

Bandalag Jafnadmanna (Social Democratic Alliance): Varnarsbraeti 8, Reykjavík; tel. (1) 21833; f. 1983; liberal-socialist programme; Parliamentary Leader GUDMUNDUR EINARSSON.

Framsóknarflokkurinn (Progressive Party): Rauðarárströng 18,

Reykjavík 105; tel. (1) 24480; f. 1916 with a programme of social and economic amelioration and co-operation; Chair. STEINGRÍMUR HERMANNSON; Parliamentary Leader PÁLL PÉTURSSON; Sec. GUÐMUNDUR BJARNASON.

Samtök um Kvinnalista (Women's Alliance): Hotel Vik, Reykjavík; f. 1983; to promote the interests of women and children; Parliamentary Leader GUÐRÚN AGNARSDÓTTIR.

Sjálfstæðisflokkurinn (Independence Party): Háaleitisbraut 1, Reykjavík; tel. (1) 82900; f. 1929 by an amalgamation of the Conservative and Liberal Parties; its programme is social reform within the framework of private enterprise and the furtherance of national and individual independence; Leader THORSTEINN PÁLSSON.

Diplomatic Representation

EMBASSIES IN ICELAND

China, People's Republic: Vibimelur 29, Reykjavík; Ambassador: CHEN LUZHI.

Czechoslovakia: Smáragata 16, Reykjavík; Chargé d'affaires a.i.: JOSEF RAJCHART.

Denmark: Hverfisgata 29, Reykjavík; Ambassador: JANUS A. W. PALUDAN.

Finland: Reykjavík; Ambassador: MARTIN GUNNAR ISAKSSON.

France: Túngata 22, Reykjavík; tel. (1) 17621; telex 2063; Ambassador: YVES MAS.

German Democratic Republic: Egissíða 78, Reykjavík; Ambassador: GERHARD WASCHESKI.

Germany, Federal Republic: Túngata 18, Reykjavík; tel. (1) 19535; Ambassador: HANS HERMANN HAERKAMP.

Norway: Fjölugata 17, Reykjavík; Ambassador: ANNEMARIE LORENTZEN.

Sweden: Fjölugata 9, Reykjavík; Ambassador: GUNNAR-AXEL DAHLSTRÖM.

USSR: Garðastræti 33, Reykjavík; Ambassador: MIKHAIL STRELTSOV.

United Kingdom: POB 230, Laufásvegur 49, Reykjavík; tel. (1) 15883; telex 2037; Ambassador: RICHARD THOMAS.

USA: Laufásvegur 21, Reykjavík; tel. (1) 29100; Ambassador: NICHOLAS RUWE.

Judicial System

All cases are heard in Ordinary Courts except those specifically within the jurisdiction of Special Courts. The Ordinary Courts include both a lower division of urban and rural district courts presided over by the district magistrates, and the Supreme Court.

Justices of the Supreme Court are appointed by the President and cannot be dismissed except by the decision of a court. The Justices elect the Chief Justice for a period of two years.

SUPREME COURT

Chief Justice: MAGNÚS TH. TORFASON.

Justices: BJÖRN SVEINBJÖRNSSON, GUÐMUNDUR JÓNSSON, GUÐMUNDUR SKAFTASON, HALLDÓR THORBJÖRNSSON, MAGNÚS THORODDSEN, SIGURGEIR JÓNSSON, THOR VILHJÁLMSON.

Religion

CHRISTIANITY

Protestant Churches

Evangelical Lutheran Church: the national Church, endowed by the State. Over 93% of the population are members, but there is complete religious liberty. Iceland forms one diocese, Reykjavík, with two suffragan sees. There are 299 congregations and 122 pastors; Bishop PÉTUR SIGURGEIRSSON.

Frikirkjani í Reykjavík: (Free Church of Reykjavík) POB 1671, 121 Reykjavík; tel. (1) 14579; f. 1899; Free Lutheran denomination; 7,000 mems; Head Rev. GUNNAR BJÖRNSSON.

Oháði Frikirkusöfnudurinn (Independent Congregation): Reykjavík; Free Lutheran denomination; 2,000 mems; Head Rev. EMIL BJÖRNSSON.

Seventh-day Adventists: POB 262, 121 Reykjavík.

The Roman Catholic Church

There are 1,700 members in Iceland.

Bishop of Reykjavík: Most Rev. HINRIK H. FREHÉN, Hávallagata 14, 101 Reykjavík; tel. (1) 11423; Vicar-Gen. Rev. A. GEORGE.

The Press

PRINCIPAL DAILIES

Althýðubladid (The Labour Journal): Armúli 38, Reykjavík; tel. (1) 81866; f. 1916; organ of the Social Democratic Party; Editor GUÐMUNDUR ARNI STEFÁNSSON; circ. 5,000.

DV (Dagbladid-Visir): Síðumúli 12-14, Reykjavík; tel. (1) 27022; telex 2214; f. 1910; independent; Editors JONAS KRISTJANSSON, ELLERT B. SCHRAM; circ. 39,000.

Morgunbladid (Morning News): Adalstræti 6, POB 200, Reykjavík; tel. (1) 22480; telex 2127; f. 1913; Independent; Editors MATTHÍAS JOHANNESSEN, STYRMIR GUNNARSSON; circ. 46,000.

Thjóðviljinn (Will of the Nation): Skólavordustig 19, Reykjavík; tel. (1) 17500; telex 2178; f. 1936; organ of socialism, labour movement and national independence; Editors ARNI BERGMANN, EINAR KARL HARALDSSON, KJARTAN OLAFSSON; circ. 12,000.

Timinn (The Times): Síðumúli 15, Box 370, Reykjavík; tel. (1) 86300; f. 1917; organ of the Progressive Party; Editors ELIAS SNAELAND JONSSON, THORARINN THORARINSSON; circ. 17,000.

WEEKLIES

Althýdumadurinn (Commoner): Strandgata 9, Akureyri; f. 1931; weekly; organ of Social Democratic Party; Editor BJARNI SIGTRYGGSSON; circ. 3,500.

Einhætti: Siglufjörður; weekly; organ of the Progressive Party.

Íslendingur-Isafold: Kaupangi v, Mýrarveg, 600 Akureyri; f. 1915; for North and East Iceland; Editor HALLDÓR HALLDORSSON.

Mánudagsbladid (Monday Paper): Tjarnargata 39, Reykjavík.

Siglfirdingur: Siglufjörður; weekly; organ of the Independence Party.

Skutull: Isafjörður; weekly; organ of the Social Democratic Party.

Vikan (The Week): Síðumúli 33, Reykjavík; tel. (1) 27022; f. 1938; illustrated weekly; Editor SIGURDUR HREIDAR HREIDARSSON; circ. 12,000.

PERIODICALS

Aegir (The Sea): c/o Fiskifélag Íslands, Reykjavík; f. 1905; published by the Fisheries Association, Reykjavík; monthly; Editors THORSTEINN GÍSLASON, JÓNAS BLÖNDAL; circ. 2,400.

Æskan (Youth): Laugaregur 523, 121 Reykjavík; monthly.

Atlantica: Hoefdabakki 9, Reykjavík 121; tel. (1) 84966; telex 2121; quarterly; in-flight magazine of Icelandair.

Dagur (The Day): Strandgata 31, POB 58, Akureyri; f. 1918; 3 a week; organ of the Progressive Party; Editor H. SVEINBJÖRNSSON; circ. 8,100.

Economic Statistics: POB 160, 101 Reykjavík; f. 1980; quarterly; published by the Economic Department of the Central Bank of Iceland.

Eimreidin (Progress): Síðumúli 12, Reykjavík; f. 1895; quarterly; literary and critical review.

Freyr: POB 7080, Reykjavík; tel. (1) 19200; f. 1904; fortnightly; organ of the Icelandic Agriculture Society and the Farmers' Union; Editors MATTHÍAS EGGERTSSON, JÓLIUS DANIELSSON; circ. 4,300.

Frjáls verzlun (Free Trade): Ármúli 18, POB 1193, Reykjavík; f. 1939; 8 a year; news and business magazine; Editor SIGHVATUR BLÖNDAHL.

Gróður and Gardar: Ármúli 18, Reykjavík; 2 a year; gardening; Editor SIGHVATUR BLÖNDAHL.

Hagtidindi: published by the Statistical Bureau of Iceland, Hverfisgata 8-10, 101 Reykjavík; tel. (1) 26699; f. 1914; monthly; Dir-Gen. HALLGRÍMUR SNORRASON.

Heima Er Best: Tryggvabraut 18-20, Akureyri; f. 1951; monthly; literary; circ. 4,200.

Helgafell: Reykjavík; quarterly; literary review; Editor TÓMAS GUÐMUNDSSON.

Ídnadarbladid: Ármúli 18, 105 Reykjavík; 6 a year; news and industry magazine; Editor J. STEINAR LUDVIGSSON; circ. 6,400.

Iceland Review: Hoefdabakki 9, POB 8576, Reykjavík; tel. (1) 84966; telex 2121; 4 a year; English; general.

(DOLAN)

OCTOBER 6, 1986

DROPBY MEETING OF EXECUTIVE
EXCHANGE COMMISSION

I AM DELIGHTED WE COULD MEET TODAY.
FIRST, THIS IS A CHANCE TO SAY HELLO TO ALL
OF YOU AND COMPLIMENT YOU ON THE WORK YOU'VE
BEEN DOING ON DEFENSE AND PEACE RELATED
ISSUES. AND SECOND, KNOWING OF YOUR INTEREST
IN THIS MATTER, I WANTED TO USE THIS
OPPORTUNITY TO OFFER A PERSPECTIVE --
THE AMERICAN PERSPECTIVE IF YOU WILL --
ON THE MEETINGS BETWEEN MR. GORBACHEV AND ME
LATER THIS WEEK IN REYKJAVIK, ICELAND.
BY THE WAY, SINCE WE AMERICANS HAVE DEVELOPED
A REPUTATION FOR BEING UNCOMPLICATED,
STRAIGHTFORWARD AND NOT ESPECIALLY
LONG-WINDED, I WANT YOU TO KNOW I'LL BE
TRYING TO PRACTICE THESE NATIONAL TRAITS --
ESPECIALLY THE LAST ONE -- IN MY REMARKS TO
YOU TODAY.

RECENTLY, AS YOU KNOW, THERE HAS BEEN SOME SPECULATION THAT THE UNITED STATES AND THE SOVIET UNION ARE ABOUT TO SIGN IMPORTANT NEW ARMS CONTROL AGREEMENTS. NOW THIS SORT OF TALK ISN'T ALL THAT UNEXPECTED; WHENEVER LEADERS OF COUNTRIES ARE ABOUT TO MEET, THERE ARE ALWAYS THOSE WHO PREDICT LANDMARK TREATIES AND HISTORICAL BREAKTHROUGHS.

YET, WHEN I SEE SUCH SPECULATION I CAN'T HELP BUT THINK OF THE FIRST ADMINISTRATIVE POST I HELD. I HOPE YOU'LL FORGIVE ME FOR REMINISCING HERE, BUT AS A UNION PRESIDENT, I SPENT A GOOD DEAL OF TIME AT THE BARGAINING TABLE AND LEARNED ONE VALUABLE LESSON: THAT IT'S THE INITIAL PHASE OF THE NEGOTIATING PROCESS -- LAYING THE GROUNDWORK -- SETTING THE AGENDA -- ESTABLISHING AREAS OF AGREEMENT AS WELL AS DISAGREEMENT -- THAT PAYS OFF IN THE FUTURE.

NOW IF THAT'S TRUE OF LABOR AND MANAGEMENT NEGOTIATIONS HERE, YOU CAN IMAGINE HOW RELEVANT IT IS TO SOVIET-AMERICAN BARGAINING SESSIONS; AFTER ALL, WE BOTH HAVE A LITTLE MORE SEPARATING US THAN, SAY, G.M. AND THE U.A.W. SO, GROUNDWORK IS ESSENTIAL.

FROM THE BEGINNING WE HAVE TRIED TO MAKE THIS A HALLMARK OF ADMINISTRATION POLICY; WE'VE TRIED TO TAKE A PRUDENT, REALISTIC AND, ABOVE ALL, DELIBERATE APPROACH TOWARD SOVIET-AMERICAN RELATIONS. INSTEAD OF RUSHING UNPREPARED INTO NEGOTIATIONS WITH THE SOVIETS, THE ADMINISTRATION TOOK THE TIME IN ITS EARLIEST DAYS TO MAKE CLEAR THE ESSENTIAL ELEMENTS OF AMERICAN FOREIGN POLICY: OUR COMMITMENT TO THE TWIN GOALS OF WORLD PEACE AND WORLD FREEDOM, OUR WILLINGNESS TO BE REALISTIC AND CANDID ABOUT THE SOVIETS, TO PUBLICLY DEFINE THE CRUCIAL, MORAL DISTINCTIONS BETWEEN TOTALITARIANISM AND DEMOCRACY, & TO ACTIVELY ASSIST THOSE WHO ARE STRUGGLING FOR THEIR OWN SELF-DETERMINATION.

YET AT THE SAME TIME WE ALSO MADE PLAIN ANOTHER OF OUR ESSENTIAL OBJECTIVES -- OUR DETERMINATION TO SEEK WAYS OF WORKING WITH THE SOVIETS -- TO PREVENT WAR AND TO KEEP THE PEACE. IN PURSUING THIS OBJECTIVE, WE ADOPTED A STEP-BY-STEP APPROACH TOWARDS SOVIET-AMERICAN NEGOTIATIONS, GRADUALLY EXPANDING AND INTENSIFYING THE AREAS OF BOTH BILATERAL AND MULTILATERAL DISCUSSION. AND, AS WE'VE SEEN, EVENTUALLY SUMMIT MEETINGS THEMSELVES BECAME A CRITICAL PART OF THAT EFFORT.

NOW THIS WILLINGNESS TO MAKE PAINSTAKING PREPARATIONS WAS WHAT I BELIEVE MADE LAST YEAR'S TALKS IN GENEVA A SUCCESS. EACH SIDE HAD A GOOD IDEA OF WHAT TO EXPECT; THERE WAS AN AGENDA; MR. GORBACHEV AND I COULD BE CANDID WITH EACH OTHER. IN SHORT, WE HAD SOMETHING TO WORK WITH, SOMETHING TO BUILD ON.

AND WE MUST CONTINUE IN THIS SPIRIT.
THAT'S WHY ICELAND IS NOT INTENDED TO BE A
SIGNING CEREMONY OR A MEDIA EVENT BUT A
PRE-SUMMIT PLANNING SESSION, A CHANCE TO MAKE
PREPARATIONS FOR THE SERIOUS WORK
MR. GORBACHEV AND I WILL HAVE TO DO WHEN HE
VISITS THE UNITED STATES. ICELAND IS A BASE
CAMP BEFORE THE SUMMIT.

AND YET, WHILE OUR EMPHASIS WILL BE ON
PLANNING AND PREPARATION, NOT TREATY PAPERS
OR PUBLICITY, PART OF THE EMPHASIS IN ICELAND
WILL BE ON THE BROAD-BASED AGENDA WE HAVE
AGREED TO: DISCUSSION NOT ONLY OF CRITICAL
ARMS REDUCTION PROPOSALS BUT EQUALLY
IMPORTANT QUESTIONS SUCH AS SOVIET HUMAN
RIGHTS VIOLATIONS AND MILITARY INTERVENTION
BY THE SOVIETS AND THEIR PROXIES IN REGIONAL
CONFLICTS.

ON THIS POINT OF THE SUMMIT AGENDA,
LET ME ADD ANOTHER POINT OF BACKGROUND.

A FEW YEARS AGO IN A SPEECH TO THE UNITED NATIONS I SAID THAT I SHARED THE SENSE OF URGENCY MANY FELT ABOUT ARMS CONTROL ISSUES. BUT I ALSO SUGGESTED THAT PLACING THE ENTIRE BURDEN OF SOVIET-AMERICAN RELATIONS ON ARMS CONTROL NEGOTIATIONS COULD BE DANGEROUS AND COUNTERPRODUCTIVE. I NOTED THAT PROBLEMS IN ARMS NEGOTIATIONS SHOULD NOT BE PERMITTED TO THWART OR IMPERIL THE ENTIRE SOVIET-AMERICAN RELATIONSHIP AND, SIMILARLY, THAT SOMETIMES NEGOTIATIONS IN OTHER AREAS COULD ASSIST IN SPEEDING UP THE ARMS CONTROL PROCESS. IN SHORT -- DOING MORE ABOUT ARMS CONTROL MEANT TALKING ABOUT MORE THAN ARMS CONTROL. AND SO I PROPOSED IN MY 198~~0~~ U.N. ADDRESS WHAT I CALLED "UMBRELLA TALKS," NEGOTIATIONS WITH A BROAD-BASED AGENDA.

THE SUMMIT PROCESS HAS REFLECTED THIS APPROACH AND INCLUDED A BROAD-BASED AGENDA; WE HAVE STRESSED IN ADDITION TO ARMS REDUCTION THREE OTHER AGENDA ITEMS: RESPECT FOR HUMAN RIGHTS, RESOLVING REGIONAL CONFLICTS, AND IMPROVING BILATERAL CONTACTS BETWEEN THE SOVIETS AND OURSELVES.

NOW THAT FIRST AREA, HUMAN RIGHTS, TAKES ON -- IN VIEW OF THE RECENT DANILOFF INCIDENT -- A PARTICULAR RELEVANCE. AS YOU KNOW, AFTER A SOVIET SPY AT THE U.N. WAS ARRESTED, THE SOVIETS RETALIATED BY ARRESTING AN AMERICAN JOURNALIST, NICHOLAS DANILOFF, ON TRUMPED-UP CHARGES. IT WAS AN ACT THAT HELD HOSTAGE NOT ONLY AN INNOCENT AMERICAN JOURNALIST BUT THE FUTURE OF SOVIET-AMERICAN RELATIONS. ~~IN RESPONSE~~, THE UNITED STATES TOOK ACTION IN RESPONSE TO THE ^{Soviet} USE OF ~~THE~~ ^{the} U.N. ~~FOR~~ FOR INTELLIGENCE ACTIVITIES BY ORDERING THE EXPULSION OF 25 SOVIET PERSONNEL KNOWN TO BE INVOLVED IN SUCH ACTIVITIES.

THAT THE ARREST OF A SINGLE SPY COULD LEAD TO SUCH RISK-TAKING BY THE SOVIETS AGAIN UNDERSCORES THE DIFFERENCES BETWEEN OUR TWO SYSTEMS. IT WAS AN EXTREMELY GRAVE STEP BUT ONE THAT COULD HARDLY SURPRISE US; AFTER ALL, HUMAN RIGHTS VIOLATIONS IN THE SOVIET BLOC REMAIN UNCEASING BECAUSE THEY ARE INSTITUTIONALIZED AND SANCTIONED BY THE STATE IDEOLOGY.

IT'S WORTH NOTING HERE THAT WE AGREED TO EXCHANGE THE SOVIET SPY IN QUESTION FOR THE NOTED RUSSIAN HUMAN RIGHTS LEADER, YURI ORLOV, AND HIS WIFE. MR. ORLOV'S SERVICE TO HUMANITY -- THE RECORD OF HIS SUFFERINGS -- MAKES HIM A HERO FOR OUR TIME; YET IT IS ALSO WORTH NOTING HE WAS PERSECUTED SIMPLY BECAUSE HE LED AN EFFORT TO GET THE SOVIET GOVERNMENT TO LIVE UP TO THE HUMAN RIGHTS AGREEMENTS IT SIGNED AT HELSINKI IN 1975.

WHEN THE SOVIET STATE'S IDEOLOGY MAKES IT A CRIME TO ADVOCATE LIVING UP TO INTERNATIONAL COMMITMENTS, THE REST OF THE WORLD HAS TO TAKE NOTICE; THIS POINT AS WELL AS THE ENTIRE RANGE OF SOVIET HUMAN RIGHTS ABUSES MUST BE ADDRESSED AT FUTURE SUMMITS.

SO TOO, THERE IS THE ISSUE OF REGIONAL CONFLICTS. IT WOULD BE SIMPLY UNTHINKABLE FOR WORLD LEADERS TO MEET IN SPLENDID ISOLATION EVEN AS THE PEOPLE OF AFGHANISTAN, CENTRAL AMERICA, AFRICA AND SOUTHEAST ASIA UNDERGO TERRIBLE SUFFERINGS AS A RESULT OF SOVIET INVASION OR MILITARY INTERVENTION. AGAIN OUR PROPOSALS FOR RESOLVING REGIONAL CONFLICTS REMAIN A CRITICAL AGENDA ITEM. AND ON THIS POINT, YOU MAY HAVE READ LAST WEEK THAT THE SOVIET FOREIGN MINISTER ACKNOWLEDGED THAT AFGHANISTAN HAS TO BE DISCUSSED IN REYKJAVIK. I WISH WE SAW ANY EVIDENCE THAT THE SOVIETS HAD MADE A DECISION TO GET OUT.

THEY NEED TO SEE THAT THE ONLY SOLUTION THAT CAN LAST IS ONE PROVIDING SELF-DETERMINATION FOR THE AFGHAN PEOPLE AND A RAPID, COMPLETE WITHDRAWAL OF SOVIET FORCES. SHORT OF THAT, THE FREEDOM FIGHTERS WILL STRUGGLE ON, AND LET ME PROMISE YOU, THEY'LL HAVE THE SUPPORT THEY NEED FROM PEOPLE AROUND THE WORLD.

FINALLY, THERE IS THE ISSUE OF BROADER CONTACTS BETWEEN THE SOVIET AND AMERICAN PEOPLES, ESPECIALLY YOUNG PEOPLE. WE ALL WELCOMED THE COMMITMENT MADE LAST YEAR IN GENEVA TO INCREASE CONTACTS, NOTABLY IN THE CULTURAL EXCHANGE AREA. THIS WAS THE RESULT OF CAREFUL PRE-SUMMIT PLANNING AND IT IS OUR HOPE THAT OUR WORK IN ICELAND WILL SPEED UP IMPLEMENTATION OF THESE PROGRAMS AND LAY THE GROUNDWORK FOR FURTHER PROGRESS AT FUTURE SUMMITS.

THESE THEN ARE THE DIFFICULT MATTERS ON OUR SUMMIT AGENDA: ARMS REDUCTIONS, HUMAN RIGHTS, REGIONAL CONFLICTS, PEOPLE-TO-PEOPLE CONTACTS -- I THINK YOU CAN UNDERSTAND THEN WHEN MR. GORBACHEV EXTENDED HIS INVITATION TO A PRE-SUMMIT DISCUSSION I ACCEPTED. WITH SUCH GRAVE AND COMPLEX MATTERS, THERE IS NO SUCH THING AS TOO MUCH PREPARATION.

SO, I HOPE THAT IN EXPLAINING ALL THIS, I HAVE DONE SOMETHING TO DISPEL SOME OF THE INACCURATE SPECULATION AND FALSE HOPES RAISED ABOUT THE ICELAND TALKS. I EXPECT THESE TALKS TO BE USEFUL AND SUCCESSFUL BUT ONLY AS PREPARATION FOR FUTURE SUMMIT CONFERENCES. OUR VIEW IS THAT WE WILL PROCEED AS WE HAVE FROM THE START -- STEP-BY-STEP -- CAUTIOUSLY, PRUDENTLY, AND REALISTICALLY.

AND BY THE WAY, I HOPE THIS LAST POINT ABOUT OUR REALISM HELPS TO ANSWER SOME OF THE DOMESTIC CRITICISMS RECENTLY OF THE SUMMIT PROCESS.

ACTUALLY, I'VE GOT TO CONFESS THAT HEARING SUGGESTIONS THAT I'M GETTING SOFT ON COMMUNISM IS FOR ME A NEW -- AND PERHAPS THE WORD IS TITILLATING -- EXPERIENCE.

BUT, SERIOUSLY, I WOULD ASK THOSE OF MY OLD SUPPORTERS WHO MAY HAVE VOICED DOUBTS TO SIMPLY CONSIDER THREE FACTS THAT I THINK MAKE THE CURRENT SUMMIT PROCESS VERY DIFFERENT FROM THAT OF PREVIOUS DECADES. FIRST, THE UNITED STATES HAS MADE IT PLAIN WE ENTER THESE NEGOTIATIONS WITHOUT ILLUSIONS; AND THAT WE WILL CONTINUE TO BE CANDID ABOUT THE SOVIET UNION, THE MORAL IMPLICATIONS OF ITS IDEOLOGY, THE GRAVE DANGER OF ITS GEOPOLITICAL INTENTIONS.

SECOND, PART OF THIS CANDID APPROACH INCLUDES
RESTATEMENT OF WHAT I SAID IN MY 1982 SPEECH
AT WESTMINSTER PALACE IN GREAT BRITAIN:

THAT THE ULTIMATE GOAL OF AMERICAN FOREIGN
POLICY IS NOT JUST THE PREVENTION OF WAR BUT
THE EXTENSION OF FREEDOM -- TO SEE THAT EVERY
NATION, EVERY PEOPLE, EVERY PERSON SOMEDAY
ENJOYS THE BLESSINGS OF LIBERTY.

AND FINALLY, I WOULD ASK THAT SOME NOTE BE
TAKEN OF THE HISTORICAL TIDES. AMERICA IS NO
LONGER UNDER SIEGE; FAR FROM IT.

OUR ECONOMIC AND MILITARY POWER IS RESURGENT,
THE WESTERN DEMOCRACIES ARE REVITALIZED AND
ALL ACROSS THE WORLD NATIONS ARE TURNING TO
DEMOCRATIC IDEAS AND THE PRINCIPLES OF THE
FREE MARKET. IN ALL OF THIS, THE UNITED
STATES CONTINUES TO PLAY ITS HISTORICAL ROLE
AND ASSIST THOSE WHO STRUGGLE FOR WORLD
FREEDOM.

AND WE BELIEVE THE SUMMIT PROCESS CAN BE USEFUL IN PREVENTING WAR AS WE MOVE TOWARDS A WORLD OF EXPANDING PERSONAL FREEDOM AND GROWING RESPECT FOR HUMAN RIGHTS. WE BELIEVE THE SUMMIT AGENDA REFLECTS THE HELPFUL CHANGES THAT HAVE OCCURRED IN THE WORLD; WE ARE DISCUSSING NOT JUST ARMS CONTROL, FOR EXAMPLE, BUT ARMS REDUCTIONS AS WELL AS HUMAN RIGHTS AND REGIONAL CONFLICTS.

PROGRESS TOWARDS OUR TWIN GOALS OF PEACE AND FREEDOM THEN WILL NOT BE EASY; AS I MENTIONED IN MY SATURDAY RADIO TALK -- WE SEEK THE SUPPORT OF ALL AMERICANS. WE NEED YOUR HELP. AND WE ALSO NEED, AS I SAID, SOME CAREFUL PREPARATION. AND THAT IS WHY WE AGREED TO THE TALKS IN ICELAND AND WILL LOOK FORWARD TO MEETING MR. GORBACHEV THERE. AND, COME TO THINK OF IT, IT'S ALSO WHY I HAVE TO GET BACK ACROSS THE STREET TO MY HOMEWORK AND MY BRIEFING BOOKS.

- 15 -

THANKS FOR HAVING ME; AGAIN MY
COMPLIMENTS ON YOUR GREAT WORK.
THANK YOU AND GOD BLESS YOU.

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RONALD W. REAGAN LIBRARY

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THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

October 6, 1986

REMARKS BY THE PRESIDENT
IN DROPBY MEETING OF THE
EXECUTIVE EXCHANGE COMMISSION

October 6, 1986

Room 450 OEOB

2:15 P.M. EDT

THE PRESIDENT: Thank you very much. Well, thank you, and I'm delighted we could meet today. First, this is a chance to say to all of you -- hello to all of you, and compliment you on the work that you've been doing on defense and peace related issues. And second, knowing of your interest in this matter, I wanted to use this opportunity to offer a perspective -- the American perspective if you will -- on the meetings between Mr. Gorbachev and me later this week in Reykjavik, Iceland.

By the way, since we Americans have developed a reputation for being uncomplicated, straightforward and not especially long-winded, I want you to know that I'll be trying to practice these national traits -- especially the last one -- in my remarks to you today.

I can't resist. I used to -- I've wore out a story that expressed the -- (laughter) -- that expressed the importance of brevity in a speech. It was told to me by a minister -- Bill Alexander -- used to do the invocation for the Republican National Conventions. And he heard me speak once. And after he'd heard me speak, he told me about his first experience as a preacher. And I've always thought there was a connection.

He said that he had worked for weeks on that first sermon. He'd been invited to preach at a little country church out in Oklahoma, and he went there well-prepared, and stood up in the pulpit for an evening service, and looked out at one lone little fellow sitting out there among all the empty pews. So he went down, and he said, "My friend, you seem to be the only member of the congregation that showed up, and I'm just a young preacher getting started. What do you think? Should I go through with it?" And the fellow says, "Well, I don't know about that sort of thing, I'm a little old cowpoke out here in Oklahoma. But I do know this -- if I loaded up a truckload of hay, took it out in the prairie and only one cow showed up, I'd feed her. (Laughter.)

Well, Bill took that as a cue. (Laughter.) And he said -- and hour and a half later, he said amen. And he went down, and he said, "My friend, you seem to have stuck with me. I'm just a young preacher getting started. What do you think?"

"Well," he says, "like I told you, I don't know about that sort of thing, but I do know this -- if I loaded up a truckload of hay and took it out in the prairie and only one cow showed up, I sure as hell wouldn't give her the whole load." (Laughter and applause.)

But recently, as you know, there's been some speculation that the United States and the Soviet Union are about to sign

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important new arms control agreements. Now, this sort of talk isn't all that unexpected; whenever leaders of countries are about to meet, there are always those who predict landmark treaties and historical breakthroughs.

Yet, when I see such speculation, I can't help but think of the first administrative post that I held. And I hope you'll forgive me for reminiscing here, but as a union president, I spent a good deal of time at the bargaining table and learned one valuable lesson -- now, that it's the initial phase of the negotiating process, laying the groundwork, setting the agenda, establishing areas of agreement as well as disagreement -- that pays off in the future.

Now, if that's true of labor and management negotiations here, you can imagine how relevant it is to Soviet-American bargaining sessions; after all, we both have a little more separating us than, say, General Motors and U.A.W. So, groundwork is essential.

And from the beginning we have tried to make this a hallmark of administration policy; we've tried to take a prudent, and a realistic and, above all, deliberate approach toward Soviet-American relations. Instead of rushing unprepared into negotiations with the Soviets, the administration took the time in its earliest days to make clear the essential elements of American foreign policy -- our commitment to the twin goals of world peace and world freedom, our willingness to be realistic and candid about the Soviets, to publicly define the crucial, moral distinctions between totalitarianism and democracy and to actively assist those who are struggling for their own self-determination.

Yet, at the same time we also made plain another of our essential objectives -- our determination to seek ways of working with the Soviets to prevent war and to keep the peace. In pursuing this objective, we adopted a step-by-step approach towards Soviet-American negotiations, gradually expanding and intensifying the areas of both bilateral and multilateral discussion. And, as we've seen, eventually summit meetings themselves became a critical part of that effort.

Now, this willingness to make painstaking preparations was what I believe made last year's talks in Geneva a success. Each side had a good idea of what to expect; there was an agenda; Mr. Gorbachev and I could be candid with each other. In short, we had something to work with, something to build on.

And we must continue in this spirit. And that's why Iceland is not intended to be a signing ceremony or a media event but a pre-summit planning session, a chance to make preparations for the serious work Mr. Gorbachev and I will have to do when he visits the United States. Iceland is a base camp before the summit.

And yet, while our emphasis will be on planning and preparation, not treaty papers or publicity, part of the emphasis in Iceland will be on the broad-based agenda that we've agreed to -- discussion not only of critical arms reduction proposals, but equally important questions such as Soviet human rights violations, military intervention by the Soviets and their proxies in regional conflicts.

On this point of the summit agenda let me add another point of background. A few years ago in a speech to the United Nations, I said that I shared the sense of urgency many felt about arms control issues. But I also suggested placing the entire burden of Soviet-American relations on arms control negotiations could be dangerous and counterproductive. I noted that problems in arms negotiations should not be permitted to thwart or imperil the entire Soviet-American relationship and, similarly, that sometimes, negotiations in other areas could assist in speeding up arms control process.

In short, doing more about arms control meant talking about more than arms control. So I proposed in my 1984 U.N. address what I called "umbrella talks," negotiations with a broad-based agenda.

The summit process has reflected this approach and includes a broad-based agenda. We've stressed in addition to arms reduction three other agenda items -- respect for human rights, resolving regional conflicts, and improving bilateral contacts between the Soviets and ourselves.

Now, that first area, human rights, takes on, in view of the recent Daniloff incident, a particular reference -- or relevance, I should say. As you know, after a Soviet spy at the U.N. was arrested the Soviets retaliated by arresting an American journalist, Nicholas Daniloff, on trumped up charges. It was an act that held hostage not only an innocent American journalist, but the future of Soviet-American relations.

The United States took action in response to the Soviet use of the U.N. for intelligence activities by ordering the expulsion of 25 Soviet personnel known to be involved in such activities.

That the arrest of a single spy could lead to such risk-taking by the Soviets again underscores the differences between our two systems. It was an extremely grave step, but one that could hardly surprise us; after all, human rights violations in the Soviet bloc remain unceasing because they're institutionalized and sanctioned by the state ideology.

It's worth noting here that we agreed to exchanged the Soviet spy in question for the noted Russian human rights leader, Yuri Orlov, and his wife. Mr. Orlov's service to humanity -- the record of his sufferings -- makes him a hero for our time. Yet, it is also worth noting he was persecuted simply because he led an effort to get the Soviet government to live up to the human rights agreements it signed at Helsinki in 1975.

When the Soviet state's ideology makes it a crime to advocate living up to international commitments, the rest of the world has to take notice. And this point, as well as the entire range of Soviet human rights abuses must be addressed at future summits.

So, too, there is the issue of regional conflicts. It would be simply unthinkable for world leaders to meet in splendid isolation even as the people of Afghanistan, Central America, Africa and Southeast Asia undergo terrible sufferings as a result of Soviet invasion or military intervention. Again, our proposals for resolving regional conflicts remain a critical agenda item. And on this point, you may have read last week that the Soviet Foreign Minister acknowledged that Afghanistan has to be discussed in Reykjavik. I wish we saw any evidence that the Soviets had made a decision to get out.

They need to see that the only solution that can last is one providing self-determination for the Afghan people and a rapid, complete withdrawal of Soviet forces. Short of that, the freedom fighters will struggle on, and let me promise you, they'll have the support they need from people around the world. (Applause.)

Finally, there is the issue of broader contacts between the Soviet and American peoples, especially young people. We all welcome the commitment made last year in Geneva to increase contacts, notably in the cultural exchange area. This was the result of careful pre-summit planning, and it's our hope that our work in Iceland will speed up implementation of these programs and lay the groundwork for future progress at future summits.

These then are the difficult matters on our summit agenda: arms reduction, human rights, regional conflicts, people-to-people contacts. I think you can understand, then, when Mr. Gorbachev extended his invitation to a pre-summit discussion, I accepted. With such grave and complex matters, there's no such thing as too much preparation. So I hope that in explaining all this, I've done something to dispel some of the inaccurate speculation and false hopes raised about the Iceland talks. I expect these talks to be useful and successful, but only as preparation for future summit conferences. Our view is that we will proceed as we have from the start -- step-by-step -- cautiously, prudently, and realistically.

And by the way, I hope this last point about our realism helps to answer some of the domestic criticisms recently of the summit process.

Actually, I've got to confess that hearing suggestions that I'm getting soft on communism is for me a new -- and perhaps the word titillating -- (laughter) -- is proper for that experience.

But, seriously, I would ask those of my old supporters who may have voiced doubts to simply consider three facts that I think may make the current summit process very different from that of previous decades.

First, the United States has made it plain we enter these negotiations without illusions, and that we will continue to be candid about the Soviet Union, the moral implications of its ideology, the grave danger of its geopolitical intentions.

Second, part of this candid approach includes restatement of what I said in my 1982 speech at Westminster Palace in Great Britain -- that the ultimate goal of American foreign policy is not just the prevention of war, but the extension of freedom -- (applause) -- to see that every nation, every people, every person someday enjoys the blessings of liberty.

And finally I would ask that some note be taken of the historical tides. America is no longer under seige -- far from it. Our economic and military power is resurgent, the Western democracies are revitalized, and all across the world nations are turning to democratic ideas and the principles of the free market. In all of this, the United States continues to play its historical role and assist those who struggle for world freedom.

And we believe the summit process can be useful in preventing war as we move toward a world of expanding personal freedom and growing respect for human rights. We believe the summit agenda reflects the helpful changes that have occurred in the world. We are discussing not just arms control, for example, but arms reduction, as well as human rights and regional conflicts.

Progress toward our twin goals of peace and freedom then will not be easy. As I mentioned in my Saturday radio talk, we seek the support of all Americans. We need your help, and we also need, as I said, some careful preparation.

And that is why we agreed to the talks in Iceland and will look forward to meeting Mr. Gorbachev there. And, come to think of it, it's also why I have to get back across the street to my homework and my briefing books.

You know, I have taken to collecting stories that I can tell that show the cynicism of some of the people in the totalitarian states for their government. Stories that I can confirm are actually told by those people to each other. So I'm going to share the last one with you, and then it's back to work.

Evening, or darkness in the Soviet Union. A citizen walking along the street. A soldier yells, "Halt." He starts to run, the soldier shoots him. Another citizen says, "Why did you do that?" And the soldier says, "Curfew." "But," he said, "it isn't curfew time yet." He said, "I know. He's a friend of mine. I know where he lives. He couldn't have made it." (Laughter and applause.)

You know something? In the summit meetings I tell some of those stories to the other side. (Laughter.)

Thank you all very much. God bless you. (Applause.)

END

2:33 P.M. EDT

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Public Papers of the Presidents

United States-Soviet Summit in Geneva

Address Delivered Before a Joint Session of the Congress
Following the Summit.

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... a personal "thank you" to Nancy. She was an outstanding Ambassador of good will for all of us. She didn't know I was going to say that.

Mr. Speaker, Senator Dole, I want you to know that your statements of support here were greatly appreciated. You can't imagine how much it means in dealing with the Soviets to have the Congress, the allies, and the American people firmly behind you.

I guess you know that I have just come from Geneva and talks with General Secretary Gorbachev. In the past few days, the past 2 days, we spent over 15 hours in various meetings with the General Secretary and the members of his official party. And approximately 5 of those hours were talks between Mr. Gorbachev and myself, just one on one. That was the best part -- our fireside summit.

There will be, I know, a great deal of commentary and opinion as to what the meetings produced and what they were like. There were over 3,000 reporters in Geneva, so it's possible there will be 3,000 opinions on what happened. So, maybe it's the old broadcaster in me, but I decided to file my own report directly to you.

We met, as we had to meet. I called for a fresh start, and we made that start. I can't claim that we had a meeting of the minds on such fundamentals as ideology or national purpose, but we understand each other better, and that's a key to ...

... ago, but 5 years ago when, with the help of Congress, we began strengthening our economy, restoring our national will, and rebuilding our defenses and alliances. America is once again strong, and our strength has given us the ability to speak with confidence and see that no true opportunity to advance freedom and peace is lost. We must not now abandon policies that work. I need your continued support to keep America strong.

That is the history behind the Geneva summit, and that is the context in which it occurred. And may I add that we were especially eager that our meetings give a push to important talks already underway on reducing nuclear weapons. On this subject it would be foolish not to go the extra mile or, in this case, the extra 4,000 miles.

We discussed the great issues of our time. I made clear before the first meeting that no question would be swept aside, no ...

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... safer, but one that really is safer.

I am pleased to report tonight that General Secretary Gorbachev and I did make a measure of progress here. We have a long way to go, but we're still heading in the right direction. We moved arms control forward from where we were last January, when the Soviets returned to the table. We are both instructing our negotiators to hasten their vital work. The world is waiting for results.

Specifically, we agreed in Geneva that each side should move to cut offensive nuclear arms by 50 percent in appropriate categories. In our joint statement we called for early progress on this, turning the talks toward our chief goal -- offensive reductions. We called for an interim accord on intermediate-range nuclear forces, leading, I hope, to the complete elimination of this class of missiles. And all of this with tough verification.

We also made progress ...

... not seek a first-strike advantage over the Soviet Union. Indeed, one of my fundamental arms control objectives is to get rid of first-strike weapons altogether. This is why we've proposed a 50-percent reduction in the most threatening nuclear weapons, especially those that could carry out a first strike.

I went further in expressing our peaceful intentions. I described our proposal in the Geneva negotiations for a reciprocal program of open laboratories in strategic defense research. We're offering to permit Soviet experts to see firsthand that SDI does not involve offensive weapons. American scientists would be allowed to visit comparable facilities of the Soviet strategic defense program, which, in fact, has involved much more than research for many years.

Finally, I reassured Mr. Gorbachev on another point. ...

... about where our sympathies lie; I believe I succeeded.

We discussed human rights. We Americans believe that history teaches no clearer lesson than this: Those countries which respect the rights of their own people tend, inevitably, to respect the rights of their neighbors. Human rights, therefore, is not an abstract moral issue; it is peace issue.

Finally, we discussed the barriers to communication between our societies, and I elaborated on my proposals for real people-to-people contacts on a wide scale. Americans should know the people of the Soviet Union -- their hopes and fears and the facts of their lives. And citizens of the Soviet Union need to know of America's deep desire for peace and our unwavering attachment to freedom.

As you can see, our talks were wide ranging. And let me at this point tell you what we agreed upon and what we didn't.

 We remain far apart on a number of issues, as had to be expected. However, we reached agreement on ...

... a new agreement designed to bring the best of America's artists and academics to the Soviet Union. The exhibits that will be included in this exchange are one of the most effective ways for the average Soviet citizen to learn about our way of life. This agreement will also expand the opportunities for Americans to experience the Soviet people's rich cultural heritage, because their artists and academics will be coming here.

We've also decided to go forward with a number of people-to-people initiatives that will go beyond greater contact, not only between the political leaders of our two countries but our respective students, teachers, and others as well. We have emphasized youth exchanges. And this will help break down stereotypes, build friendships, and, frankly, provide an alternative to propaganda.

We've agreed to establish a new Soviet consulate in New York and a new American consulate in Kiev. And this ...

... leaders of the United States and the Soviet Union can help bridge those differences.

The fact is, every new day begins with possibilities; it's up to us to fill it with the things that move us toward progress and peace. Hope, therefore, is a realistic attitude and despair an uninteresting little vice.

And so, was our journey worthwhile?

Well, 30 years ago, when Ike, President Eisenhower, had just returned from a summit in Geneva, he said, "... the wide gulf that separates so far East and West is wide and deep." Well, today, three decades later, that is still true.

But, yes, this meeting was worthwhile for both sides. A new realism spawned the summit. The summit itself was a good start, and now our byword must be: steady as we go.

I am, as you are, impatient for results. But good will and good hopes do not ...

... a phony peace or a frail peace. We didn't go in pursuit of some kind of illusory detente. We can't be satisfied with cosmetic improvements that won't stand the test of time. We want real peace.

As I flew back this evening, I had many thoughts. In just a few days families across America will gather to celebrate Thanksgiving. And again, as our forefathers who voyaged to America, we traveled to Geneva with peace as our goal and freedom as our guide. For there can be no greater good than the quest for peace and no finer purpose than the preservation of freedom.

It is 350 years since the first Thanksgiving, when Pilgrims and Indians huddled together on the edge of an unknown continent. And now here we are gathered together on the edge of an unknown future, but, like our forefathers, really not so much afraid, but full of hope and ...

(Dolan)
October 13, 1986
11:30 a.m.

PRESIDENTIAL ADDRESS TO THE NATION
ICELAND MEETING
MONDAY, OCTOBER 13, 1986

Good evening. As most of you know, I have just returned from meetings in Iceland with the leader of the Soviet Union, General Secretary Gorbachev. As I did last year when I returned from the summit conference in Geneva, I want to take a few moments tonight to share with you what took place in these discussions.

But first, let me tell you that from the start of my meetings with Mr. Gorbachev I have always regarded you, the American people, as full participants. Believe me, without your support, none of these talks could have been held, nor could the ultimate aims of American foreign policy -- world peace and freedom -- be pursued. This faith in the intuitive wisdom of the people and the consent of the governed are the founding principles of our Republic. And it is for these principles, I went the extra mile to Iceland.

So, let me ^{report to} ~~assure~~ you, the talks with General Secretary Gorbachev -- lasting more than 10 hours -- were hard and tough but extremely useful. During long discussions on both Saturday and Sunday, Mr. Gorbachev and I made considerable headway on a number of arms reduction issues.

We moved toward agreement on drastically reduced numbers of intermediate range nuclear missiles in both Europe and Asia. We approached agreement on sharply reduced strategic arsenals for

both our countries. We made progress in the area of nuclear testing.

But there remained toward the end of our talks one area of disagreement. While both sides ⁵⁰⁻⁷⁴ ~~seek~~ reduction in the number of nuclear missiles and warheads threatening the world, the Soviets insisted that we sign an agreement that would deny to me -- and to future Presidents for 10 years -- the right to develop, test, and deploy a defense against nuclear missiles for the people of the United States. This we would not and could not do.

That was the deadlock at Hofdi House late Sunday afternoon. Then, the American delegation recessed and caucused, and returned to the table with the most sweeping and generous arms control proposal in American history.

We offered the Soviets a 10-year delay in American deployment of S.D.I., and a 10-year program for the complete elimination of all ballistic missiles -- Soviet and American -- from the face of the Earth. We took that proposal downstairs to Mr. Gorbachev, and Mr. Gorbachev rejected it.

Instead, he made a non-negotiable demand that the United States end at once all development of a strategic defense for the free world -- that we confine our program strictly to laboratory research. Unless we signed such a commitment, he said, all the agreements of the previous 12 hours of negotiation were null and void.

That would have killed America's defensive program in its cradle. That would have forfeited our children's opportunity to live in a world free of the fear of nuclear attack. That would

have sacrificed the future security interest of the American people, in exchange for a Soviet promise. And this we could not do.

My fellow Americans, my most solemn duty as President is the security of these United States and the safety of the American people. So, a one-day headline or a glowing cover story was never an issue. The only issue in my mind was my duty to my country and those I had sworn to protect. ^{for} So again and again we kept offering and the Soviets kept accepting.

And again and again, we hit the same obstacle. The Soviets told us their proposals were a single package. They said there would be no deals unless we also agreed to their terms on the Strategic Defense Initiative. They held other issues hostage while trying to kill ~~the possibility of research progress on~~ strategic defense.

So we ask -- and the world must ask: why did Mr. Gorbachev reject our offer?

Why are the Soviets afraid of S.D.I.? Not a single Soviet citizen has anything to fear from an American S.D.I. That defensive system -- even if developed and deployed -- would harm not people, but only ballistic missiles, after they had been fired. It threatens nothing and would harm no one.

Stet In refusing our offer and making his non-negotiable demand on the United States, Mr. Gorbachev refused an historic opportunity to rid the world of the threat of nuclear war.

Stet Nevertheless, we remain dedicated to continuing the peace process. We have come too far to turn back now. So tonight I call on the Soviet Union to build on the agreements we reached

and not to tear down the nearly-complete structure we erected in Iceland because of our differences over the single issue of S.D.I.

We made progress in Iceland. And we will continue to make progress if we pursue a prudent, deliberate, and, above all, realistic approach with the Soviets. Let me remind you that, from the earliest days of our Administration, this has been our policy. We made it clear we had no illusions about the Soviets or their ultimate intentions; we were publicly candid about the critical moral distinctions between totalitarianism and democracy. We said that the principal objective of American foreign policy is not just the prevention of war but the extension of freedom. And, we stressed our commitment to the growth of democratic government and democratic institutions around the world; that is why we assisted freedom fighters who are resisting the imposition of totalitarian rule in Afghanistan, Nicaragua, Angola, Cambodia, and elsewhere. And, finally, we began work on what I believe most spurred the Soviets to negotiate seriously -- rebuilding our military strength, reconstructing our strategic deterrence, and, above all, beginning work on the strategic defense initiative.

And yet at the same time we set out these foreign policy goals and began working toward them, we pursued another of our major objectives: that of seeking means to lessen tensions with the Soviets, ways to prevent war and keep the peace.

This policy is now paying dividends -- one sign of this in Iceland was the progress on the issue of arms control. I cannot

predict the nature or dates of future agreements. I can only repeat that, for the first time in a long while, Soviet-American negotiations in the area of arms reductions are moving, and moving in the right direction: not just toward arms control, but toward arms reduction.

But for all the progress we made on arms reductions, we must remember there were other issues ~~under discussion~~ on the table in Iceland, issues that are ~~even more~~ fundamental. [For some time before our talks began, I had been saying that arms control negotiations alone could not bear the full weight of Soviet-American relations; that, as I said, the real cause of the arms competition was political tensions growing out of our deeper differences. In short, doing more about arms control meant talking about more than arms control. So I proposed "umbrella talks" with the Soviets -- to expand the agenda, to go to the real source of the conflict and competition between the Soviets and the West.]

One such issue is human rights. As President Kennedy once said, "Is not peace, in the final analysis, a matter of human rights...?" Only last week, here in the Oval Office, a heroic champion of human rights, Yuri Orlov, described to me the persecution he suffered for leading an effort simply to get the Soviet government to live up to the solemn commitment on human rights it had signed at Helsinki in 1975. Mr. Orlov's suffering is like that of far too many other individuals in all walks of life inside the Soviet Union -- including those who wish to emigrate.

In Iceland, human rights was a critical part of our agenda.

~~I can report to you that~~ I made it plain to Mr. Gorbachev that the United States would not seek to exploit improvement in these matters for purposes of propaganda. But I also made it plain, once again, that an improvement of the human condition within the Soviet Union is indispensable for an improvement in bilateral relations with the United States. For a government that will break faith with its own people cannot be trusted to keep faith with foreign powers. If the best and brightest inside the Soviet Union -- like Mr. Orlov -- cannot trust the Soviet Government, how then can the rest of the world? So, I told Mr. Gorbachev -- again in Reykjavik as I had in Geneva -- we Americans place far less weight upon the words that are spoken at meetings such as these, than upon the deeds that follow. When it comes to human rights and judging Soviet intentions, we are all from Missouri: you have got to show us.

Another subject area we took up in Iceland also lies at the heart of the differences between the Soviet Union and America. This is the issue of regional conflicts. I told Mr. Gorbachev that the summit cannot make the American people forget what Soviet actions have meant for the peoples of Afghanistan, Central America, Africa, and Southeast Asia. Until Soviet policies change, we will make sure that our friends in these areas -- those who fight for freedom and independence -- will have the support they need.

Finally, there was a fourth item besides arms reduction, human rights, and the resolution of regional conflicts. This

area was that of bilateral relations, people-to-people contacts. In Geneva last year, we welcomed the signing of several cultural exchange accords; in Iceland, we saw indications of more movement in these areas. But let me say now the United States remains committed to people-to-people programs that could lead to exchanges between not just a few elite but thousands of everyday citizens from both our countries.

So I think then you can see that we did make progress in Iceland on a broad range of topics. We reaffirmed our 4-point agenda; we discovered major new grounds of agreement; we probed again some old areas of disagreement.

Now, my fellow Americans, I cannot promise, nor can any President promise, that the talks in Iceland or our future discussions with Mr. Gorbachev will lead inevitably to great breakthroughs or momentous treaty signings.

But we will not abandon the guiding principle we took to Reykjavik.
~~We still believe that no agreement is better than a bad agreement.~~ And we must bear in mind the nature of the Soviet regime itself will put many obstacles in our path as we go along. When that happens, we must be prepared, not surprised. We must not permit such developments to disorient our policy or derail our initiatives. We must be deliberate and candid and make it clear that the Soviet Union will be held responsible for its actions. And we must persevere.

And on this point, I know you are also interested in the question of whether there will be another summit. There was no indication by Mr. Gorbachev as to when or whether he plans to travel to the United States, as we agreed he would last year in

we would prefer to have no agreement rather than bring no agreement home to the United States

Geneva. I repeat tonight that our invitation stands and that we continue to believe additional meetings would be useful. But that's a decision the Soviets must make.

But whatever the immediate prospects, I can tell you that I am ultimately hopeful about the prospects for progress at the summit and for world peace and freedom. You see, the current summit process is very different from that of previous decades; it is different because the world is different; and the world is different because of the hard work and sacrifice of the American people during the past 5-1/2 years. Your energy has restored and expanded our economic might, your support has restored our military strength, and your courage and sense of national unity in times of crisis have given pause to our adversaries, heartened our friends, and inspired the world. The Western democracies and the NATO alliance are revitalized and all across the world nations are turning to democratic ideas and the principles of the free market. So because the American people stood guard at the critical hour, freedom has gathered its forces, regained its strength, and is on the march.

So, if there is one impression I carry away with me from these October talks, it is that, unlike the past, we are dealing now from a position of strength, and for that reason we have it within our grasp to move speedily with the Soviets toward even more breakthroughs.

I know such optimism in a century that has seen so much war and suffering seems unwarranted to some. Yet this confidence is based on more than an easy optimism; it springs from a quiet

appreciation for what British author Paul Johnson calls the "enormous reserves" of democratic societies, societies where national unity springs from popular consent.

The resiliency of a free society is one of the comforting lessons of history. And because of you, the American people, those enormous reserves are now making their presence and power felt throughout the world.

I saw evidence of ~~this in the~~ progress we made in the talks with Mr. Gorbachev. And I saw evidence of it when we left Iceland yesterday, and I spoke to our young men and women at our Naval installation at Keflavik [KEF-la-VICK] -- a critically important base far closer to Soviet naval bases than to our own coastline. As always, I was proud to spend a few moments with them and thank them for their sacrifices and devotion to country. They represent America at her finest: committed to defend not only our own freedom but the freedom of others who would be living in a far more frightening world -- were it not for the strength and resolve of the United States.

"Wherever the banner of liberty is unfurled, there shall be America's heart, her prayers and her benedictions," John Adams once said. He spoke well of our destiny as a Nation. My fellow Americans, we are honored by history, entrusted by destiny with the oldest dream of humanity -- the dream of lasting peace and human freedom.

It is in pursuit of that dream I went to Geneva a year ago and to Iceland last week; it is in pursuit of that dream I have invited Mr. Gorbachev to visit us here for further discussions.

And it is in pursuit of that dream that I thank you now for all the support you have given me, and I again ask for your help and your prayers as we continue our journey toward a world where peace reigns and freedom is enshrined.

Thank you and God bless you.

Kim
(Rohrabacher) -
October 6, 1986
9:00 a.m. *not used*

PRESIDENTIAL REMARKS: TOAST FOR SOCIAL EVENT HOSTED BY ICELAND
REYKJAVIK, ICELAND
FRIDAY, OCTOBER 10, 1986

Madam President, Mr. General Secretary, ladies and gentlemen: I want to thank the people of Iceland, and in particular President Finnbogadottir, for the hospitality they've extended and for the support they've given to make this meeting possible. I am grateful, as is everyone in my travelling party, for the good will and cooperation so evident here.

Iceland, as is clear by the welcome we've received, is a country with which we Americans have ancient ties and a long-standing friendship. On Monday, the people of our country will be celebrating Columbus Day, honoring the man who, with vision and a full compliment of tenacity, organized and led the expedition that opened the New World to Western civilization. Yet being here, one cannot help but think of the legend that tells us of an earlier explorer who once sailed from these shores, a Norseman named Leif Ericsson. The politics of those days are incomparable, but it's interesting to note that Leif was the son of a fellow called Eric the Red. Hummm.

It is said that Lief and other Norsemen ventured West from Iceland to discover the North American continent, calling it Vinland. Interestingly, some historians believe it was another Norseman, Rurik, who sailed from Scandinavia up the rivers of Russia to found the first Russian state. An odd turn of fate then, Mr. General Secretary, has brought us together in Iceland,

as guests of Leif Ericsson's descendants. Here we meet geographically halfway, but on friendly ground.

Rurik and Leif Ericsson were undoubtedly fierce warriors. Yet, it is noteworthy that they are remembered today for their courage in exploring new lands, a relatively peaceful enterprise for Vikings of their day. Let us hope that we, too, are remembered for conquering new frontiers instead of other nations, for pushing back boundaries, and exploring new avenues that might lead mankind to a new world, a world of freedom and peace, a world that no longer lives in fear of aggression or nuclear holocaust, a world in which tyranny and war are but memories of a distant past.

Unlike the pathfinders who went before us, however, our task is not reaching a new world, but building one. Progress is measured not in miles traveled, but in changes made. We are here as a preparatory step to change and most assuredly to build on the direct dialogue begun in Geneva.

For our part, we seek progress not by glossing over differences, but by facing them; not by ignoring issues, but by recognizing them and putting them on the table. Respect for human rights, arms reduction, the resolution of regional conflict, and the further opening up of contact between our peoples must be part of the same step forward.

The love of freedom, the worship of God, the desire for peace, these are unifying forces at the heart of America.

We come here as leaders to talk heart to heart. Let us look deep. There is a love song from your country, Mr. Genreal

Secretary, that goes: "Happy or sad my beloved, you are beautiful, as beautiful as a Russian song, as beautiful as a Russian soul." So, let us lift our glasses to the souls of our two peoples. There we will find a yearning for peace and for freedom that should guide us in our discussions. This Buds for you.

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~~Our peoples. A word about them.~~
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~~We come here as leaders to talk heart to heart. Let us look deep.~~ There is a love song from your country, Mr. Genreal

And then there is the Russian people. Who can say enough about their culture, the masterworks of their literature and music; their art and nobility and bravery, their ~~and so on~~.

Says much: The beauty of the Russian people

Secretary, that ~~does~~: "Happy or sad my beloved, you are beautiful, as beautiful as a Russian song, as beautiful as a Russian soul." ~~So~~, let us lift our glasses to the souls ^{of the nobility} of our two peoples. There we will find a yearning for peace and for freedom that should guide us in ^{all we do here.} ~~our discussions.~~ This ~~Bude~~ for ~~you.~~

We come here as leaders to talk heart to heart. Let us look deep. And.

KW

(Rohrabacher)
October 6, 1986
12:30 p.m.

PRESIDENTIAL REMARKS: TOAST FOR SOCIAL EVENT HOSTED BY ICELAND
REYKJAVIK, ICELAND
FRIDAY, OCTOBER 10, 1986

Madam President, Mr. General Secretary, ladies and gentlemen: I want to thank the people of Iceland, and in particular President Finnbogadottir, for the hospitality they've extended and for the support they've given to make this meeting possible. I am grateful, as is everyone in my traveling party, for the good will and cooperation so evident here.

Iceland, as is clear by the welcome we've received, is a country with which we Americans have ancient ties and a long-standing friendship. On Monday, the people of our country will be celebrating Columbus Day, honoring the man who, with vision and a full complement of tenacity, organized and led the expedition that opened the New World to Western civilization. Yet being here, one cannot help but think of the legend that tells us of an earlier explorer who once sailed from these shores, a Norseman named Leif Ericsson. The politics of those days cannot really be compared to our own, but it's interesting to note that Leif was the son of a fellow called Eric the Red. Hummm.

No political significance, of course, but Leif and other Norsemen ventured West from Iceland to discover the North American continent, calling it Vinland. And, Mr. General Secretary, some historians believe it was another Norseman, Rurik, who sailed from Scandinavia up the rivers of Russia to found the first Russian state. A turn of fate then, Mr. General

Secretary, has brought us together in Iceland, as guests of Leif Ericsson's descendants, a people who have historical ties to both our nations. So, we meet geographically halfway but on friendly ground.

Rurik and Leif Ericsson were undoubtedly fierce warriors. Yet, it is noteworthy that they are remembered today for their courage in exploring new lands, a relatively peaceful enterprise for Vikings of their day. Let us hope that we, too, are remembered for conquering new frontiers instead of other nations, for pushing back boundaries, and exploring new avenues that might lead mankind to a new world, a world of freedom and peace, a world that no longer lives in fear of aggression or nuclear holocaust, a world in which tyranny and war are but memories of a distant past.

Unlike the pathfinders who went before us, however, our task is not reaching a new world, but building one. Progress is measured not in miles traveled, but in changes made. We are here as a preparatory step to change and most assuredly to build on the direct dialogue begun in Geneva.

For our part, we seek progress not by glossing over differences, but by facing them; not by ignoring issues, but by recognizing them and putting them on the table. Respect for human rights, arms reduction, the resolution of regional conflict, and the further opening up of contact between our peoples must be part of the same step forward.

Our peoples. A word about them. The love of freedom, the worship of God, the desire for peace, these are unifying forces at the heart of America.

And then there is the Russian people. Who can say enough about them -- their culture; the master works of art and literature and music; their bravery; their nobility. There is a love song from your country, Mr. General Secretary, that says so much: "Happy or sad my beloved, you are beautiful, as beautiful as a Russian song, as beautiful as a Russian soul." We come here as leaders to talk heart to heart. Let us look deep and let us lift our glasses to the souls, to the nobility of our two peoples. There we will find a yearning for peace and for freedom that should guide us in all we do here.

Reykjavik Trip: Draft Toast by the President

White

Madam President, Mr. General Secretary, ladies and gentlemen:

I want to thank the Government of Iceland, and in particular President Finnbogadottir, for their hospitality and for the arrangements they have made on such short notice to make this meeting possible. Iceland is a country with which we have ancient ties and long-standing relations of friendship and alliance.

Some historians say it was a Norseman, Ru'rik, who sailed from Scandinavia ^{up} ~~down~~ the rivers of Russia to found the first Russian state. It was, of course, another Norseman, Leif Ericsson, the son of Eric the Red -- no political significance intended -- who left Iceland and went on to discover America, calling it Vinland. *However, he had lost his way. Turned out this way in Europe and come to be called Finland.*

~~It is~~ ^{as} An odd turn of fate ~~that~~ has brought you, Mr. General Secretary, and me, together in Iceland, ~~where we are~~ guests of Leif Ericsson's descendants. Here we meet geographically halfway, but on friendly ground ~~with a history~~ ~~all three nations share.~~

Rurik and Leif Ericsson, the Norsemen, were warriors. But it was their peaceful and exploratory activities that we remember them for. Hopefully this example can inspire our work this weekend.

Our nations share a common interest -- the interest of all mankind -- in preserving the world from war. As I have said before, and as we agreed at Geneva, a nuclear war cannot be won and must never be fought. But this is not enough. We must not only reduce the arms we have accumulated. We must reduce the political tensions that have led us to build those arms.

Because my country is serious about preventing war, we take an equally strong interest in human rights. Our concern for protecting human freedom has many roots, but we should never forget that in doing so we also protect and strengthen the peace. If we do not address all these issues, we will succeed at none.

To do what is necessary for the future of our world will take wisdom, strength and perseverance. It will require courage like that shown by Leif Ericsson when he crossed the Atlantic to discover America.

I propose we lift our glasses to peace and freedom, and the courage, wisdom, strength and perseverance we need to pursue these lofty goals.

Again, thank you very much President Finnbogadottir for Iceland's kind hospitality.

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

October 7, 1986

REMARKS BY THE PRESIDENT
IN MEETING WITH
HUMAN RIGHTS LEADERS

The Cabinet Room

3:42 P.M. EDT

THE PRESIDENT: I have a few remarks here. I welcome this opportunity to talk with you about a most important subject of my upcoming meeting with General Secretary Gorbachev: human rights. And I know your interest in that. And with me, as you know, is Yuri Orlov and Mrs. Orlov. Yuri is a founding member of the Independent Soviet Helsinki Monitoring Group, a man who has done more to inform the world of current Soviet human rights violations than any man on Earth. As I said yesterday, a hero for our time.

The West owes him a profound debt, both for his courage and fortitude under unspeakable conditions, and for reminding us how precious are the freedoms that we sometimes take for granted.

As you all know, there has been much speculation that our upcoming meeting in Reykjavik will focus on arms control. But true peace requires respect for human rights and freedom as well as arms control.

We go to Iceland in pursuit of peace. But it's important that the world and our adversaries understand that we Americans -- what we mean when we speak of peace. Peace is not simply an absence of war, it's the presence of justice -- and human rights, human freedom are its indispensable elements. These fundamental values and beliefs are matters on which we Americans cannot and will not compromise. So our agenda for the Reykjavik meeting will deal not only with arms reductions, but Soviet human rights violations, military intervention by the Soviets and their proxies in regional conflicts and broadening contacts between our two peoples.

This meeting is not to sign agreements, but to prepare the way for a productive summit. A real improvement in the Soviet Union's human rights record is essential for such a summit. We will not sacrifice fundamental principles or vital U.S. interests to get a summit. I'll make it amply clear to Mr. Gorbachev that unless there is real Soviet movement on human rights, we will not have the kind of political atmosphere necessary to make lasting progress on other issues.

And there is much room for improvement. The religious persecution, long divided families, suppression of emigration and harassment of ethnic and cultural activists. We are realistic about the Soviet Union and have no illusions about the difficulty of making progress on these key issues. But I see no alternative to our twin policy of strength and dialogue.

And again, thank you all for being here.

Q Mr. President, did Mr. Orlov tell you anything of significance in your meeting just now?

THE PRESIDENT: We have just had a few moments -- few minutes together before coming in here and we have said the things I think you would expect us to say.

Q Did he tell you what he would like you to tell

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Gorbachev? (Laughter.)

THE PRESIDENT: No. He spoke of wanting to carry on the work that he was carrying on there -- to continue to strive for freedom and his goals are very much those of the people around this table already.

Q Mr. President --

END

3:47 P.M. EDT

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

October 9, 1986

REMARKS BY THE PRESIDENT
UPON DEPARTURE FOR ICELAND

The South Lawn

9:25 A.M. EDT

THE PRESIDENT: Thank you all for coming to see us off. As you know, I am off this morning on an important foreign policy mission, but before I make any remarks on that subject, the events of late yesterday compel me to discuss with you first the critical business of Congress and the budget resolutions.

I have to say at this point that I cannot see need for further temporary extensions of the continuing resolution. Congress has had eight months now to debate these issues and send us a budget. I've made it perfectly clear that what is necessary in order for me to sign a bill into law.

And I've already signed two stop-gap funding measures. This is no way to run our government and the American people deserve better -- much better. (Applause.)

On October 3, the United States Senate passed a generally acceptable appropriations bill for the fiscal year that began October 1.

So, my message to the House is that I've had enough. I will not and cannot countenance any further delay in getting our budget done. Any more procrastination can only serve to undercut our mission.

I'm leaving today for Iceland for a meeting with General Secretary Gorbachev of the Soviet Union. This will be essentially a private meeting between the two of us. We will not have large staffs with us, nor is it planned that we sign substantive agreements. We will, rather, review the subjects that we intend to pursue, with redoubled effort, afterward, looking toward a possible full-scale summit. We'll be talking frankly about the differences between our countries on the major issues on the East-West agenda -- arms reduction, human rights, regional conflicts, and bilateral contacts. We'll be talking about how we can -- while recognizing those differences -- still take steps further to make progress on those items and to make the world safer and keep the peace.

Let me say here -- and this is particularly fitting because this is Leif Ericson day -- how much the United States appreciates the hospitality on this occasion of the Icelandic government and the people of Iceland. The United States and Iceland have been allies for more than 40 years. First, in the defense of freedom and democracy during World War II, now in working in NATO to defend peace, and freedom, and democracy. There can be no better testimony to the enduring commitment of the Icelandic people and government to the search for a just peace, a lasting peace, than their gracious consent to host these meetings.

At Geneva last year, Mr. Gorbachev and I made a fresh start toward improving relations between our two countries. And when I look back on the success of Geneva, I find myself feeling the real credit belongs to the American people. I knew at every step that I had our nation's unified support. I knew that Americans of both parties had said that differences stopped at the water's edge.

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Last Saturday, I asked again for unified national support as I head for a second meeting with the Soviet leader. And let me say now how much I appreciate the support that I have received over the years from the American people -- few things have been more gratifying or more important to our success. I'll need this same support through the negotiations of the coming year.

The world has never known a force as strong or decent as that of America when we're unified. Together we Americans settled this great continent that God put between two oceans for free men and women all over the world to find and cherish. Together we're transforming the world with our technology, making life longer with greater opportunities and more fulfilling for millions all over the Earth. And most of all, together we have led the forces of freedom around the world in this century. In World War II, and still today, we've been the great friend of mankind's dreams of freedom, whether in Europe or the Americas or Africa or Afghanistan. And together we can be true to the cause of freedom even while we're true to the cause of peace.

Last Tuesday, a group of human rights leaders reminded me of how important America's missions of both peace and freedom are. And among them was Yuri Orlov, who was released only a week ago from Siberian exile where he was being kept for the crime of wanting his government to respect basic human rights. We didn't forget him and we must never forget those like him. They're our inspiration and we are their hope.

So we go to Reykjavik for peace. We go to this meeting for freedom. And we go in hope. As a great American who knew the extremes of hope and despair, Robert E. Lee, once said, "History teaches us to hope." Today, we are making history, and we're turning the tide of history to peace and freedom and hope.

I've long believed that if we're to be successful in pursuing peace, we must face the tough issues directly and honestly and with hope. We cannot pretend the differences aren't there, seek to dash off a few quick agreements, and then give speeches about the spirit of Reykjavik. In fact, we have serious problems with the Soviet positions on a great many issues, and success is not guaranteed. But, if Mr. Gorbachev comes to Iceland in a truly cooperative spirit, I think we can make some progress.

And that's my goal. And that's my purpose in going to Iceland. The goals of the United States -- peace and freedom throughout the world -- are great goals, but like all things worth achieving, they are not easy to attain. Reykjavik can be a step, a useful step, and, if we persevere, the goal of a better, safer world will someday be ours and all the world's.

So, again, thank you, God bless you. (Applause.)

END

9:35 A.M. EDT

THE WHITE HOUSE
Office of the Press Secretary
(Reykjavik, Iceland)

For Immediate Release

October 10, 1986

STATEMENT BY THE PRINCIPAL DEPUTY PRESS SECRETARY

As the President meets this week with General Secretary Gorbachev in Reykjavik, Iceland, he believes it is crucial that all Americans join with him in forging a strong bipartisan consensus on a nuclear testing policy that promotes our national security interests and advances long-standing U.S. arms control objectives.

In recent weeks there has been substantial disagreement in the Congress and in the Nation over the best approach to reach the goal we all seek -- a world in which there will be no nuclear testing because the need for it has vanished. The dispute threatened to give General Secretary Gorbachev the false impression of a divided America. The President did not believe it was in the best interests of our Nation to create this impression.

United States policy on nuclear testing limitations is clear:

Our highest arms control priority in the area of nuclear testing has been and remains to seek the necessary verification improvements to the existing Threshold Test Ban Treaty (TTBT) and Peaceful Nuclear Explosions Treaty (PNET).

Once our verification concerns have been satisfied and the treaties have been ratified, and in association with a program to reduce and ultimately eliminate all nuclear weapons, we are prepared to engage in discussions on ways to implement a step-by-step parallel program of limiting and ultimately ending nuclear testing.

We remain committed to the ultimate goal of the total elimination of nuclear testing, but only when we do not need to depend on nuclear deterrence to ensure international security and stability, and when we have achieved broad, deep, and verifiable arms reductions, substantially improved verification capabilities, expanded confidence-building measures, and greater balance in conventional forces.

In order to make progress toward our goals, encourage the Soviet Union to negotiate verification improvements, and ensure the necessary national consensus for our objectives, the President has decided to take two new steps:

First, the President will inform General Secretary Gorbachev in Reykjavik that if the Soviet Union will, prior to the initiation of ratification proceedings in the Senate next year, agree to essential TTBT/PNET verification procedures which could be submitted to the Senate for its consideration in the form of a protocol or other appropriate codicil, the President will, as a first order of business for the 100th

Congress, request the advice and consent of the Senate to ratification of the TTBT and PNET. However, if the Soviet

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Union fails to agree to the required package of verification improvements prior to the convening of the 100th Congress, the President will still seek Senate advice and consent, but with an appropriate reservation to the treaties that would ensure they would not take effect until they are effectively verifiable.

Second, the President will inform the General Secretary that, once our TTBT/PNET verification concerns have been satisfied and the treaties have been ratified, the President will propose that the United States and the Soviet Union immediately engage in negotiations on ways to implement a step-by-step parallel program -- in association with a program to reduce and ultimately eliminate all nuclear weapons -- of limiting and ultimately ending nuclear testing.

The Congressional leadership has responded to the President's decision in a bipartisan spirit and is supporting the President's proposal. The President is grateful for this show of unity. As a result, the President can make it clear to General Secretary Gorbachev that America is united in its determination to take prompt, practical steps to limit nuclear testing, that the first requirement is for him to act now to resolve the verification problems with the existing treaties, and that the United States and the world are awaiting his response.

While the President believes these new steps will allow progress in this area, they must not divert us from the primary goal: elimination of the weapons themselves. Broad, deep, equitable and verifiable reductions in offensive arms remain our highest priority. Here, too, we have made significant proposals, and await a constructive Soviet response. If they are willing, the road to a safer world is open before us.

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O c 986 To: All interested parties 0555

From: Norm Sandler/UPIC

Re: The Reykjavik summit. Report from the Oct. 3-5 White House pre-advance. OFF THE RECORD. Page 1 of 5. ``Forget every other experience or trip you've ever been on.'' Bill Henkel told us on our arrival in the northernmost capital in the world. ``This is not Geneva.''<

That message -- ``Forget Geneva!'' -- was hammered home time and again during our brief stay in the land of fire and ice, where the temperature rarely dips below 40 degrees, but wind, rain and snow -- not at all uncommon -- can make for uncomfortable conditions.<

Some significant details of the summit remain undecided, but there is no doubt that this will be unique. Coverage will be more severely limited than usual, working and living facilities cramped and frustrations potentially plentiful. The advance team has done a good job in little time. Unfortunately for everyone, however, Reykjavik was not designed to serve as the site of a superpower summit in the media age. In addition, the Americans and Soviets have cut back coverage and events to enhance the notion this is private and personal working meetings of the two leaders: no pomp, no ceremony, no social functions.<

An overview: the only open coverage at the moment will be the airport arrival Thursday and departure Sunday. We were told there is ``no plan'' and ``no expectation'' of a joint appearance after the concluding session Sunday. That clearly remains a possibility, but one the White House -- for its own obvious reasons -- does not care to talk up.<

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For planning purposes, here is a rough idea of the schedule, with the caveat that these are tentative times, places and coverage plans -- all subject to change:<

-- The press charter will depart Andrews around 8:30 a.m. EDT and arrive Reykjavik at Keflavik Air Base (the U.S.-manned NATO base taken by the Soviets in ``Red Storm Rising'') at 5:30 p.m. local time, which is four hours ahead of EDT. Reagan will leave the South Lawn at 9:30 a.m. EDT Thursday. No firm decision yet on a departure statement. Wheels up from Andrews will be at 9:45 a.m. EDT, arriving Keflavik at 7:05 p.m. local time. There will be a brief greeting from the president, prime minister and foreign minister of Iceland (no remarks) and a 45-motorcade into Reykjavik. Reagan will drive to the official residence of U.S. Ambassador Nicholas Ruwe, part of the U.S. Embassy, where he will stay throughout the summit.<

-- Reagan will spend most of Friday in private with his advisers. He will motorcade in late afternoon to a courtesy meeting with the Icelandic government leadership, site to be determined. This may be held at the government's reception house (small but convenient for its downtown location) or (more likely) at Bessastadir, the president's official residence, an expansive and scenic place (site of the 1973 Nixon-Pompidou dinner) that requires about a 15-minute motorcade. There will be pool coverage of the beginning. After the 20- to 30-minute meeting, Reagan will return to the ambassador's residence for the night.<

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... On Saturday, Reagan and Gorbachev hold their first meeting at 10:30 a.m. The likely site is the Hofdi, the mayor's official reception house and onetime British Embassy, alleged by local folklore to be haunted by ghosts who have the reputation of dipping into the liquor supply. The two-story white frame house looks out to the harbor and the mountains beyond. Reagan will motorcade to the meeting site from the ambassador's residence. On their respective arrivals, Reagan and Gorbachev may go inside, then emerge together out the double doors and onto the front steps for a welcome-handshake photo. The house is fronted by a circular driveway and a camera stand is expected to be placed beyond the circle for coverage of the official greeting welcome. Coverage will be by expanded pool ... plus additional photographers. From there, the two will walk inside for a photo ... coverage by tight pool ... and a meeting set for two hours. There is a 13-by-15-foot room off to the right of the main living room that has been set aside for Reagan and Gorbachev to meet one on one (in the company only of interpreters) or with one or two additional aides. A larger room (15 by 35 feet) off to the left has been set aside for the two delegations and any plenary sessions. The same plan is for Reagan and Gorbachev to call the shots on the size of those meetings. The upstairs rooms ... minus a common sitting room ... have been divided equally between the two sides for holding areas, etc. Motorcade pools will wait out the meetings in a nearby building.<

Once the first meeting ends, Reagan and Gorbachev will depart separately for private lunches with their advisers. For Reagan, this will mean a return to the ambassador's residence around 12:30 p.m. The second two-hour meeting has been set for 3:30 p.m. Travel pool to accompany, but no coverage at the meeting site. The motorcade will return Reagan to the ambassador's residence around 5:30 p.m. and there is nothing but private time in the evening.<

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.. On Sunday, the third and final two-hour Reagan-Gorbachev meeting is set for 11 a.m. at Hofdi house. Same scenario as the Saturday afternoon session: motorcade picks Reason up at the ambassador's residence and takes him to the meeting site, but no coverage there. Afterward, Reason has a private lunch at the ambassador's residence, departs at 2:45 p.m. for the airport, participates in a brief departure ceremony at 3:30 p.m. and departs aboard Air Force One at 3:45 p.m. The scheduled arrival time back at Andrews is 5:30 p.m.<

NOTE: Potential sites for a joint appearance have been surveyed, though there are no plans for same. Also to keep in mind: the White House is considering a Reason address to the nation, reporting on the summit, either Sunday or Monday night. <

Now for the accommodations:<

HOTEL: All traveling White House press will be staying at the Lofkleidir Hotel at the downtown Reykjavik Airport, the largest hotel in a city with a total of maybe 1,000 hotel beds. The White House filing center will occupy a banquet room-dance hall adjacent to the restaurant on the main (lobby) level. The White House press office, transportation office and support staff will be set up in another banquet-meeting room area on the other side of the lobby, next to the cafeteria. The hotel has 218 rooms. Even after parsing down the sign-up list of 335 names, most people people will be forced to double up. The government evicted guests with valid reservations over the weekend, but hotel rooms remain scarce. The White House is leasing a couple of schools to set up offices for non-press staff. The senior staff will be at the Holt Hotel. All are located in the central city, not far from the primary event sites. The Soviets are bringing in a pair of cruise ships to accommodate most, if not all, of their space needs.<

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FILING CENTER: It's going to be a tight squeeze, but the filing center has been placed in the hotel to keep everything centralized. The filing center will double as a briefing room (Speakes is expected to brief daily, while complying with the news blackout during the actual Reagan-Gorbachev talks.) The communications people have requested 75 phones for the filing center, 68 of which would be direct dial with 703 area codes (the same satellite system we had in Grenada) and the other seven standard direct-dial lines. Calls can be made from hotel rooms (billable to AT&T credit card) but the 40-odd circuits available for overseas calls should easily become overtaxed. If all goes well, there will be seven telexes in the filing center, adaptable for input from portable computers. The Radio Shack Model 100 did not get through phone-wise in a test file from a hotel room, but should work from the filing center. If all requests are met, phones also will be positioned at: the airport (15), the Hofdi (20), the press holding room at the Hofdi (8) and the site of the bilateral with the Icelandic leadership (10).<

Again: conditions in the filing center will be quite cramped. The White House has been urged to keep an eye on access to avoid having the room overrun by non-White House press, though there may be no way to prevent standing-room-only crowds in the event Shultz chooses to brief Friday and/or Sunday. Options that are not yet set. For those on-the-spot inquiries, The Honorable Lyndon K. Allin, with more than two years of Leningrad experience under his belt, will be on hand to serve as overseer of the USIS press operations and explain to Dan Howard why people in his former White House job don't last all that long.<

We also expect the filing center to be equipped with televisions (Icelandic TV, the local pool, hopes to offer live coverage of such events as the arrival, departure and Reagan-Gorbachev welcome-handshake) and all briefings from the White House filing center will be piped to the international press center, which is located in the Haya school not far from the American Cultural Center.<

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_ For those eyeing stakeout duty: As of Sunday, there had been no final determination on how far the secure perimeter would extend from sites like the ambassador's residence and actual Reagan-Gorbachev meeting place. At the very least, vehicular access in and around those areas is expected to be extremely limited.<

_ The local currency is the Icelandic krona, which is divided into 100 auron. The embassy exchange rate was 40.30 krona to the American dollar. The room rate at the Loftleidir was quoted as \$126. And be advised: food, most of it imported, is expensive. A further heads-up: while the consumption of alcohol is something of a weekend tradition in Iceland, the sale of regular beer is outlawed. You can get non-alcoholic and very low-alcoholic beer, but nothing else. While the sale of beer is outlawed, importation and possession is not. In other words: if you intend to drink beer, bring it with you. A final warning: restaurant reservations were almost impossible to come by over the weekend, even before the full onslaught expected this week. A restaurant guide should be available on arrival and the hotel will be asked to make sure food is available either in the filing center or through the cafeteria and restaurant. Seafood is the specialty. For those otherwise inclined, there is a Kentucky Fried Chicken, a Western Fried Chicken, a Pizzahusio and three Tommaheimborsrer hamburger outlets in Reykjavik.<

_ Reykjavik, sitting on volcanic rock, has a geothermal water supply that provides scalding hot water that also, because of the source, is accompanied by the smell of sulfur. Apart from the smell of the hot water, the water _ like the food _ is safe to consume.<

_ The electrical current is 220 volts, 50 cycles.<

_ The only good bargains appear to be sweaters: around \$40 compared to \$85 through L.L. Bean.<

_ Finally: tipping is not customary in Iceland. <

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THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

October 9, 1986

REMARKS BY THE PRESIDENT
UPON DEPARTURE FOR ICELAND

The South Lawn

9:25 A.M. EDT

THE PRESIDENT: Thank you all for coming to see us off. As you know, I am off this morning on an important foreign policy mission, but before I make any remarks on that subject, the events of late yesterday compel me to discuss with you first the critical business of Congress and the budget resolutions.

I have to say at this point that I cannot see need for further temporary extensions of the continuing resolution. Congress has had eight months now to debate these issues and send us a budget. I've made it perfectly clear that what is necessary in order for me to sign a bill into law.

And I've already signed two stop-gap funding measures. This is no way to run our government and the American people deserve better -- much better. (Applause.)

On October 3, the United States Senate passed a generally acceptable appropriations bill for the fiscal year that began October 1.

So, my message to the House is that I've had enough. I will not and cannot countenance any further delay in getting our budget done. Any more procrastination can only serve to undercut our mission.

I'm leaving today for Iceland for a meeting with General Secretary Gorbachev of the Soviet Union. This will be essentially a private meeting between the two of us. We will not have large staffs with us, nor is it planned that we sign substantive agreements. We will, rather, review the subjects that we intend to pursue, with redoubled effort, afterward, looking toward a possible full-scale summit. We'll be talking frankly about the differences between our countries on the major issues on the East-West agenda -- arms reduction, human rights, regional conflicts, and bilateral contacts. We'll be talking about how we can -- while recognizing those differences -- still take steps further to make progress on those items and to make the world safer and keep the peace.

Let me say here -- and this is particularly fitting because this is Leif Ericson day -- how much the United States appreciates the hospitality on this occasion of the Icelandic government and the people of Iceland. The United States and Iceland have been allies for more than 40 years. First, in the defense of freedom and democracy during World War II, now in working in NATO to defend peace, and freedom, and democracy. There can be no better testimony to the enduring commitment of the Icelandic people and government to the search for a just peace, a lasting peace, than their gracious consent to host these meetings.

At Geneva last year, Mr. Gorbachev and I made a fresh start toward improving relations between our two countries. And when I look back on the success of Geneva, I find myself feeling the real credit belongs to the American people. I knew at every step that I had our nation's unified support. I knew that Americans of both parties had said that differences stopped at the water's edge.

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Last Saturday, I asked again for unified national support as I head for a second meeting with the Soviet leader. And let me say now how much I appreciate the support that I have received over the years from the American people -- few things have been more gratifying or more important to our success. I'll need this same support through the negotiations of the coming year.

The world has never known a force as strong or decent as that of America when we're unified. Together we Americans settled this great continent that God put between two oceans for free men and women all over the world to find and cherish. Together we're transforming the world with our technology, making life longer with greater opportunities and more fulfilling for millions all over the Earth. And most of all, together we have led the forces of freedom around the world in this century. In World War II, and still today, we've been the great friend of mankind's dreams of freedom, whether in Europe or the Americas or Africa or Afghanistan. And together we can be true to the cause of freedom even while we're true to the cause of peace.

Last Tuesday, a group of human rights leaders reminded me of how important America's missions of both peace and freedom are. And among them was Yuri Orlov, who was released only a week ago from Siberian exile where he was being kept for the crime of wanting his government to respect basic human rights. We didn't forget him and we must never forget those like him. They're our inspiration and we are their hope.

So we go to Reykjavik for peace. We go to this meeting for freedom. And we go in hope. As a great American who knew the extremes of hope and despair, Robert E. Lee, once said, "History teaches us to hope." Today, we are making history, and we're turning the tide of history to peace and freedom and hope.

I've long believed that if we're to be successful in pursuing peace, we must face the tough issues directly and honestly and with hope. We cannot pretend the differences aren't there, seek to dash off a few quick agreements, and then give speeches about the spirit of Reykjavik. In fact, we have serious problems with the Soviet positions on a great many issues, and success is not guaranteed. But, if Mr. Gorbachev comes to Iceland in a truly cooperative spirit, I think we can make some progress.

And that's my goal. And that's my purpose in going to Iceland. The goals of the United States -- peace and freedom throughout the world -- are great goals, but like all things worth achieving, they are not easy to attain. Reykjavik can be a step, a useful step, and, if we persevere, the goal of a better, safer world will someday be ours and all the world's.

So, again, thank you, God bless you. (Applause.)

END

9:35 A.M. EDT

THE WHITE HOUSE
Office of the Press Secretary
(Atlanta, Georgia)

For Immediate Release

October 8, 1986

TEXT OF A LETTER FROM
THE PRESIDENT TO THE MAJORITY LEADER
OF THE HOUSE OF REPRESENTATIVES

October 8, 1986

Dear Mr. Leader:

Thank you for taking time from your busy schedule to join me for breakfast yesterday and for the opportunity to discuss my upcoming meeting in Iceland. Your expression of support and your suggestion on resolving the obstacles relating to the Continuing Resolution were appreciated.

It is on the subject of the omnibus appropriations bill and its relation to the Iceland meetings that I write to you today. There is no doubt in my mind that all, be they Democrats or Republicans, wish success and progress in our discussions with the Soviets. There are no more pressing concerns for the American people and people around the world than peace and freedom.

Unfortunately, merely wishing for these goals will not allow us to attain them. We have before us a genuine opportunity to advance the prospects for true arms reduction, for progress on human rights, for addressing regional conflicts, and for building on our bilateral relationship. I believe this opportunity results from the resolve shown not just by this Administration but by the Congress and most importantly by the American people.

The American people understand that the Soviets will negotiate only when it is in their interest to do so and when they believe they will do better at the negotiating table than they will do through a continued arms buildup.

I want to address your suggestions on how we might reach final agreement on the Continuing Resolution. If I understood your approach, it was to seek compromise where possible on the outstanding differences on ASAT, chemical weapons, and SDI, but to put off decisions until next March on a moratorium on nuclear testing and adherence to the SALT II sublimits. In addition, you would require my commitment, in the interim, to adhere to the SALT II limitations.

You mentioned that, as Majority Leader, you were being an honest representative of the views of your Democratic colleagues and I respect the spirit in which you offered those thoughts. Nonetheless, I believe this approach would harm the prospects for success at Iceland.

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The Soviet leaders are very intelligent and skilled negotiators. The Soviets are careful observers of our political and legislative process. They are watching intently what decisions our government makes on issues critical to them in deciding how they should approach our meetings this weekend. Our system does not mask our differences or our debate -- a tradition of debate that is the foundation of strength in an open and free democratic society.

For five and a half years that system has demonstrated a commitment to peace achieved through a position of strength.

Specifically, the actions taken by the Congress in dealing with the Continuing Resolution will send a signal for all to see. Will we go forward maintaining our resolve or will we begin to negotiate with ourselves, jeopardizing the good work that has brought us to our current position? Now for the first time in history, the Soviets are discussing seriously not just limitations on how many more weapons we have but how we can reduce the weapons we already have.

How can I agree to Congressional restrictions on nuclear testing before we agree with the Soviets on adequate verification procedures to avoid cheating and before we agree to eliminate the nuclear weapons which now make nuclear testing necessary? How can I agree to adhere to certain limits of the unratified SALT II treaty when the Soviets have already violated some of its provisions?

Therefore, you should know that I believe any further delay in resolving the differences on the Continuing Resolution beyond the commencement of the talks in Iceland or postponing resolving those differences until sometime next year is unacceptable and could not have my support.

Further, I cannot be forced by the Congress to accept language that restricts our bargaining position at the negotiating table. We must not send a message to the Soviets that could be construed as an incentive to delay undertaking serious discussions now because of a belief that they could get a better deal from the Congress later.

Finally, it is equally important that the outstanding and unresolved domestic issues in the Continuing Resolution also be addressed. These items are as much of an impediment to finalizing the budget as are the national security-related matters.

I have instructed my staff to continue to work earnestly with the Congress to facilitate the completion of a Continuing Resolution that I can sign. I also want to reiterate the appeal I made to you and your colleagues yesterday. Partisan differences on national security issues must be set aside during this crucial time in our negotiations with the Soviets. I also want to restate my hope that I will go to Iceland with your trust, confidence and support -- I won't let you down.

Sincerely,

/s/

RONALD REAGAN

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THE WHITE HOUSE

Office of the Press Secretary
(Reykjavik, Iceland)

For Immediate Release

October 10, 1986

STATEMENT BY THE PRINCIPAL DEPUTY PRESS SECRETARY

Inflation, as measured at the wholesale level, remained largely in check in September as the producer price index rose 0.4 percent. The price of finished goods increased only 0.1 percent, and finished food prices actually declined by 0.2 percent. Most of the monthly increase was due to an expected 3.7 percent increase in finished energy prices.

The picture for consumers has been a bright one this past year. In the 12-month period beginning in September of last year, inflation at the wholesale level has fallen 0.9 percent, and over the last three months the index has risen only 1.1 percent at a seasonally adjusted annual rate.

With personal income levels rising, today's good news on the inflation front is made even better; American workers are seeing their paychecks grow without fear of inflation undermining their new purchasing power.

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There were proposals on both sides. In late after, the final, most sweeping proposal came from the United States. We offered the Soviets a ten-year moratorium on deployment of SDI-- on both sides. WE offered to proceed with the ten-year destruction of all ballistic missiles on both sides. It was the most sweeping and generous American arm control proposal in history---and the soviet ~~XXXXXX~~ Union turned it down.

Instead, of accepting this proposal, they demanded that the United States kill the SDI program outright, that we confine all our We had agreed not to deploy SDI. ~~XXXXXXXXXX~~ SDI to what they called "laboratory research," that we do test the program, tha we not develop the program.

This was a non-negotiable edemand that Isurrender to the Soviet Union, in perpetuity, America's right to defend herself from strategic ~~SDI~~ ballistic missiles. This ~~XX~~ is something I couldnot do.

I think the American people should reflect upon this question.
How does a defense of the United States threaten the Soviet Union or anyone else? What are the Soviets so adamant that America remain forever naked to Soviet rocket ~~naked~~. Today, the United States is utterly defenseless against Soviet nuclear ~~missiles~~ missiles-- fired either by accident, ~~or~~ or by design. Why does the Soviet Union insist that we remain so---forever? ~~And I would ask our American critics: Why do you agree with this Soviet position?~~

SDI Program 1