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Appointment of J. Brian Gaffney as a Member of the Board of Directors of the Federal National Mortgage Association

October 3, 1989

The President today announced his intention to appoint J. Brian Gaffney to be a member of the Board of Directors of the Federal National Mortgage Association for a term ending on the date of the annual meeting of the stockholders in 1990. He would succeed Al Cardenas.

Since 1960 Mr. Gaffney has served as a partner with the law firm of Gaffney, Pease and DiFabio in New Britain, CT.

Mr. Gaffney graduated from the University of Notre Dame (B.A., 1955) and Fordham University (LL.B., 1958). He was born March 25, 1933, in New Britain, CT. Mr. Gaffney served in the U.S. Army, 1959–1963. He is married, has six children, and resides in New Britain, CT.

Toasts at the State Dinner for President Carlos Salinas de Gortari of Mexico

October 3, 1989

President Bush. To President and Mrs. Salinas and honored guests and ladies and gentlemen, Barbara and I are just delighted to welcome you to the White House. Your country, sir, has often extended to us that kindness for which Mexico is so famous. And tonight, we are honored to have you both here.

We first met last November, sir, in Houston, Texas. We met, if I might add this personal note, the day after your Harvard football team fell to the mighty men of Yale. It seemed at the time like an inauspicious start, somehow. But we've learned anew how special the relationship—you're trying to get even—[*laughter*]—the relationship between Mexico and the United States can be, this relationship which has been, and continues to be, bound by so many ties. And we've become good friends. And those ties, of course, include our 2,000-mile border and billions of dollars in trade, and they're educational, they're political, they're economic, they're environmental. And our ties rest on respect, maturity, and communication, consultation. And the values that we cherish links our cultures: values of faith, family, and respect for tradition.

As a young man, Mr. President, you did study in the United States. And you know us well, and you came to understand our ties. And I, too, revere them. For, as a Texan, I've lived many years side-by-side with Mexico and know and appreciate your beautiful country and its wonderful people. Such understanding, I think, leads to trust, and such trust can lead to progress. Speaking of trust, I trust that you dried out from the golf cart tour of Camp David on Sunday. [*Laughter*] There was a true downpour. President and Mrs. Salinas came up there in the mountains. But I was anxious for the President to look around, so he and I set out on a golf cart in this driving rain. Barbara was convinced that I had just dealt a severe blow to Mexican-United States relations. [*Laughter*] It is this kind of trust that I'm talking about. For, from its earliest days, your administration has acted as our neighbor and equal partner, and known that by applying our resources to common problems we can ensure a richer life for all.

Now, let us determine to do more. And let us increase bilateral trade and achieve economic growth. Let's expand cooperation and enhance investment opportunity. And let us support democracy in our hemisphere, and thus, regional security and stability. We must also reaffirm our commitment to combating narcotics; that is both a national priority and a hemispheric crusade. And I thank you, sir, for your fantastic cooperation in this regard. For unless we defeat drug use and trafficking, we will help rob our children of their very dreams.

There's an ancient proverb which goes: "God guides whom he wills to a straight path." Mr. President, let our path be straight and true, affirming all that which unites us, and so enrich this generation and all the generations to come. In that spirit, I ask all of you, our guests here this evening, to rise and raise your glasses to Mexican-

American friendship, to a better world for our children and all children, and to the health and happiness of our friend and colleague, the President of Mexico, and Mrs. Salinas.

President Salinas. President George Bush, Mrs. Barbara Bush, ladies and gentlemen, dear friends, I would like at this dinner to express my gratitude to the people and Government of the United States for the warmth they have shown towards the Mexican delegation which I head. I have found in President George Bush a friend who is not only worthy of esteem, but also an outstanding leader who, in the short time he has been in office, has managed to give a new thrust to the United States and to national relations based on the human understanding that is the legacy of freedom handed down by the Founding Fathers of this great Republic.

We Mexicans, President Bush, have been witnesses to your willingness to engage in frank, open, and substantive dialog. This has been a good starting point for embarking on a different phase in our bilateral relation. The same applies to the Congressmen and officials with whom we have held fruitful talks on both sides of the border that have led to improved understanding between our peoples.

I have come to the United States with the intention of establishing a new relationship of friendship. Free of myths and mistrust, I have come determined to stress common points of view and shared ideals, to pave the way for a mutually respectful united and solitary progress as neighbors towards the future. We are aware of the historical difficulties that we have had in our relations and of the problems that are still pending. Nevertheless, we are sure that the time has come to derive mutual benefits from the advantages of the border that joins us, thereby strengthening the identity of each nation at a time of profound worldwide changes.

In Mexico, we are presently experiencing a time of renewed social optimism. On concluding an important stage in the process of renegotiating the foreign debt a few months ago, we provided Mexicans with a new horizon for progress. I extend my gratitude to President Bush for the understanding and solidarity he has shown which enabled us to reach a successful outcome to this important process so essential for our growth.

In Mexico, we are determined to modernize our country. We Mexicans are seeking the best way to mobilize the full potential of social energy, of groups, and of regions. Despite a severe economic crisis, we have not succumbed to apathy or despair. With strong institutions we are currently striving to regain our growth and to continue transforming our economic structures and renovating our political practices. Rights and responsibilities are now becoming a salient feature of all social activities, the economy, and politics. The needs and dreams of Mexicans, especially those of modest means, demand this major transformation.

Trade exchanges worldwide have intensified significantly with the shortening of distances. Accordingly, exchanges between our countries are increasingly dynamic and diversified. Trade offers an extraordinary potential for mutual benefits and for growth, which is essential for my country. Few economies have opened up as much and as rapidly as Mexico's. A similar opening up of the American market would not only represent reciprocal treatment but a stimulus to our new friendship. A renewed period of gradual growth will enable us to assign resources to investment, to the strengthening of the domestic market, and to the generation of employment for the one million young people who currently demand it. My aim is for all Mexicans to find work in Mexico. However, the differences between our economies attracts Mexican labor to contribute to the development of the United States. We can do much to abolish mistreatment of workers on both sides of the border and to ensure respect for their dignity.

My government views the in-depth fight against drug trafficking as a tireless battle. We have not hesitated to resort to political will and economic resources to put an end to the international crime. Many Mexican lives have been lost in this struggle. We know, however, that stamping out the traffic in drugs is a matter of national security to us, of preserving the health of our youth

and the basic principle of international solidarity in the face of an evil that affects us all. No one can feel untouched by it as long as there are teenagers trapped in addiction while their families look on helplessly.

Bilateral cooperation between our countries will be enriched by concrete actions undertaken by both Governments to halt environmental pollution on our common border, to make joint progress in restoring the purity of the air and water in both territories, and to engage in common efforts to protect the tropical forests that are the lungs of the world. Allow me to add, Mr. President, that with this cooperation regarding the environment and to halt environmental pollution, that will enable the children in Mexico to paint the sky blue again and to find the stars in the sky.

Out of culture, a valiant history—invincible in the face of adversity—has been forged. It is the source of our self-assurance, our identity, in opening our doors to the world and participating in its transformation. By strengthening ourselves as an independent nation in today's interdependent world, cooperation between us will prosper and our relation as neighbors will become the new friendship of the coming decade.

President Bush, Mrs. Bush, you have given us a cordial welcome. In it, we see the spirit that sums up what has always existed between our peoples: the hope of sharing an era of mutual benefits, of exploring areas of agreement, and of working side by side to shape a future of mutual prosperity. By joining our efforts, our two Governments can more clearly hear the wise, generous voice of the men and women who give meaning to this meeting.

President Bush, in this new stage of respect and friendship, let us join now in a toast to the strength of Mexico and of the United States; to a hemisphere with peace, democracy, and development; to the beginning of a new friendship that inspires us to live up to the expectations of our peoples; and to your own well-being and that of your family.

Note: President Bush spoke at 8:11 p.m. in the State Dining Room at the White House.

Statement by Press Secretary Fitzwater on Economic Assistance for Poland and Hungary

October 4, 1989

The world has watched with wonder as Poland has moved—swiftly and peacefully—to form a new government under Prime Minister Mazowiecki, the first non-Communist government in Eastern Europe in more than 40 years. We salute Prime Minister Mazowiecki, President Jaruzelski, Solidarity leader Lech Walesa, and so many other distinguished Polish leaders for their courage and wisdom in helping bring about a new beginning for Poland.

From the very start of this administration, President Bush has taken the lead in supporting reform in Poland and Hungary. At Hamtramck, Michigan, in April, on the day of the signing of the roundtable agreement in Poland, the President announced a set of measures to open U.S. markets and encourage private sector loans and investments. In July, he visited Poland and Hungary and spoke before the Polish Parliament, as well as to a massive gathering at the Solidarity monument in Gdansk. He announced a further comprehensive package of assistance measures to support Poland's economic and political regeneration, a package which took account of the fact that Poland did not yet have its new government or its new economic policies in place. He announced a similar program during his visit to Hungary, which is also embarked on a promising path of political and economic reform. A few days later, at the Paris economic summit, the President proposed and our summit partners agreed to a plan for concerted Western action to encourage and assist economic reform and democratic change in Poland and Hungary.

In early September, the administration submitted to Congress a comprehensive legislative proposal that would create a $100 million enterprise fund for Poland and a $25 million fund for Hungary, as well as a labor initiative and an environmental initiative together totaling $20 million. In addition to this $145 million proposal, and other initiatives taken by reprogramming existing resources, we have offered $100 million in emergency food aid to Poland in the

United States
Information
Service
Embassy of the United States of America
Mexico, D.F.

USIS

November 8, 1990

MEMORANDUM TO: ARA - Ms. Salley Grooms Cowal
ARA - Mr. Richard Howard

FROM: CPAO - Robert L. Earle RE

SUBJECT: Draft Presidential Public Remarks and State Luncheon Toast

I have prepared drafts for all the President's public remarks during the State visit, including "contingent" remarks for various sites where he may or may not be asked to speak. All these texts have been cleared by the Ambassador and Country Team.

The attached drafts are presented in the order in which I expect they will be delivered. They are:

CONTINGENT PRESIDENTIAL REMARKS SHOULD ARRIVAL STATEMENT BE NECESSARY AT MONTERREY AIRPORT

arrival remarks

CONTINGENT PRESIDENTIAL REMARKS IF ARRIVAL CEREMONY IS HELD AT AGUALEGUAS

DRAFT PRESIDENTIAL REMARKS AT FIESTA FOLLOWING CHARREADA IN AGUALEGUAS

DRAFT PRESIDENTIAL REMARKS ON STEPS OF GOVERNOR'S PALACE

DRAFT PRESIDENTIAL REMARKS ON RECEIVING KEYS TO MONTERREY

DRAFT PRESIDENTIAL REMARKS ON CREATION OF U.S. - MEXICO COMMISSION ON EDUCATIONAL AND CULTURAL EXCHANGE

DRAFT PRESIDENTIAL REMARKS FOR USE AT MEETING WITH BUSINESSMEN IN MONTERREY CASINO

DRAFT PRESIDENTIAL TOAST AT STATE LUNCHEON

DRAFT PRESIDENTIAL STATEMENT FOR USE, IF NECESSARY AT MONTERREY AIRPORT DEPARTURE CEREMONIES

Attachments

DRAFT PRESIDENTIAL TOAST AT STATE LUNCHEON
NOVEMBER 27, 1990

President Solinas, if I may, I would like to raise my glass to you in thanks for your friendship, your counsel and your commitment to a stronger relationship between our two countries.

When we first met in Houston in 1988, neither of us had assumed office, but both of us were fully aware of the challenges we would face in giving this relationship leadership and direction.

Speaking for the United States, no country is more important to us than Mexico. Our southwest bears the imprint of your culture. You are our third largest trading partner. Twelve million Americans call Mexico their madre patria, and challenges such as conflict in Central America and powerful narco-traffickers in the Andes test our will and our wisdom.

Yet in Houston and in our five meetings since then, you always have brought Mexico's perspective into positive focus, pointing the way to the kind of communication and cooperation that has benefitted us both so much.

Perhaps no gesture of Mexico's goodwill and interest has been more expressive than the magnificent exhibition, "Mexico: Thirty Centuries of Splendour," now on display at the Metropolitan Museum of Art in New York.

Now we are on the verge of negotiating an historic Free Trade Agreement which will be the symbol of how far our two countries have come in learning to understand, trust, and work with one another.

This agreement will unleash powerful energies in both our economies. Countless new ventures will emerge. Jobs, higher-standards of living, and greater productivity will make us both more competitive on the global scene.

Mr. President, a relationship between two countries that are so different will always be a challenge, but your penetrating insight into our common interests and lasting friendship has radically altered its terms for the better.

In your second State of the Nation address, you emphasized Mexico's determination to reach out to global change and seek to embrace it. Without minimizing uncertainty, you saw fresh hope. Without ignoring risks, you celebrated new freedoms.

Mr. President, I share you views and celebrate them myself. We are not on an easy path, but I firmly believe we are on the right one, and there is no one with whom I would rather travel it than with you and the Mexican people.

I raise my glass to the great leader of a great nation, President Carlos Salinas de Gortari.

CONTINGENT PRESIDENTIAL REMARKS SHOULD ARRIVAL STATEMENT BE NECESSARY AT MONTERREY AIRPORT

November 26, 1990

Foreign Minister Solana, friends and neighbors:

I want to say first of all how pleased I am to be here in Mexico to consult with President Salinas and to hear the views of his closest advisors.

This regular exchange of visits reflects the permanent importance Mexico has for the people of the United States.

There's so much we can do together to ensure the health, welfare and prosperity of our societies and economies. At the top of the agenda rank issues like free trade, the war against drugs, education and the environment. They all require careful assessment to sustain the kind of exciting progress we have seen in the U.S.-Mexico relationship over the last two years.

And I know that's the kind of assessment they'll get. I'm proud to say that President Salinas and I have come to share a frank and open dialogue on the full range of bilateral and international issues.

In the next two days I look forward to spending time with him here in the part of the country he and his family call home. In the process, I'm sure that I will get to know Mexico and the Mexican people better, too, and that, most assuredly, is all to the good.

Communication is the key to facing the many challenges that lie ahead of us. It's the surest way I know of to strengthen an overwhelmingly positive bilateral partnership--a partnership based not just on common interests but also on the friendship, candor and mutual respect that bind our two great nations so closely together.

Thank you very much.

CONTINGENT PRESIDENTIAL REMARKS
IF FORMAL ARRIVAL CEREMONY IS HELD AT AGUALEGUAS

November 26, 1990

President and Mrs. Salinas, Mayor Reynaldo Canales Vela, friends, and neighbors:

I come here today to carry on a tradition established by many presidents before us. Mexico and the United States are neighbors, close neighbors, and we have things to talk about. Like two sides of those beautiful mountains we see in the distance, we have risen up on the same continent and come together to build a vast relationship -- broad and solid at the base, weathered in places but strengthened by time and arching upwards.

Our people, our cultures, our difficulties and our accomplishments all have brought us together. Managing so much interaction effectively always has been a challenge, and it has never been more important to meet that challenge than today.

In my many and frequent talks with President Salinas since we both were elected, I think we have established a new clarity in this relationship -- about the problems we want to see solved, and the opportunities we think ought to be

seized. Progress, concrete measures taken across the breadth of our immense relationship, is what each of us seek.

That's the agenda for our discussions the next two days: building prosperity through a Free Trade Agreement, cooperating in the war against drugs, working together on educational exchanges and the environment, and consulting on the grave crisis that confronts us all in the Persian Gulf.

By beginning these talks here in President Salinas' home town, it seems to me that we are rooting our exciting plans for the future in the right soil -- the soil of family and community values.

Mr. President, as we flew here this afternoon, I could not help thinking how similar this lonesome Mexican grassland is to the great expanses of Texas on the other side of the border. From the eagle's eye view, whether it's the Aztec Eagle or the American bald eagle, it all looks like home.

It's an honor and a privilege to be here as your guest.

Thank you very much.

DRAFT PRESIDENTIAL REMARKS AT FIESTA FOLLOWING CHARREADA IN AGUALEGUAS

November 26, 1990

President and Mrs. Salinas:

Let me just say how delighted Barbara and I are to be here in your home town of Agualeguas and to be able to spend the kind of informal time together we shared at Camp David last year.

To Mayor Reynaldo Canales Vela, and the people of Agualeguas:

Let me just say how thrilled we are to join you, and how deeply grateful we are for your wonderful hospitality.

It's obvious to me where your President gets his special touch and why he is so close to the needs and feelings of the people of Mexico.

He comes from the people right here in Agualeguas, and he has never lost his roots in the small town family values of community and family.

There's trust here, and warmth, and some of the best horsemanship I've seen in years.

As I look around this pretty plaza, I realize this is a glimpse of Mexico I'll never forget.

Mr. President, thank you so much for having us here among your family and friends.

DRAFT PRESIDENTIAL REMARKS ON STEPS OF GOVERNOR'S PALACE

November 26, 1990

President Salinas, Governor Trevino, Mayor Rizzo, friends and neighbors:

Thank you for your warm words of welcome. It's wonderful to be in Mexico, and it's wonderful to be in Monterrey.

As I look out at this beautiful Macro Plaza, I realize that I stand before Mexico's greatest heroes.

Hidalgo and Morelos, who set this great nation on the road to independence.

Juarez and Escobedo, who defined and defended the principles of justice and freedom that guide the Mexican state even to this day.

President Carlos Salinas de Gortari, who is modernizing Mexico within the framework of its own cherished values and beliefs.

And the Mexican people themselves, all of you here tonight, who have helped create this great city of Monterrey, this great state of Nuevo Leon, and this great country of Mexico.

I come here myself to show the enormous respect the people of the United States have for your dynamism and vigor.

As you know, I am a Texan, a neighbor near at hand. And I think the time I've spent under the big sky down here gives me all the more reason to admire your vision and your accomplishments.

When Franklin Delano Roosevelt came to Monterrey in 1943 to meet with President Avila Camacho, Texas and Mexico were quiet parts of the globe, far away from the center stage of a world at war.

So when my wife Barbara and I came south after the war was over, we never imagined that forty years later we would be visiting a border that might well be called the frontier of the future.

Yet that is the splendid course history has taken. Mexico and the United States are on the move. And in our consultations President Salinas and I are discussing how we can go even further in building a stronger relationship full of exciting new ideas and opportunities.

We want to see if we can advance the idea of free trade, so vital to our creating jobs and prosperity in your economy and our own. We want to consult on how we can put an end to the scourge of drugs, so threatening to our youth. We have a precious environment to protect and future generations to educate--these are themes we must address as well.

And of course there is a changing and in some cases troubled world beyond our borders. What can each of us do to make peace and prosperity the foundations of a new world order? The reconstruction of Central America, the peaceful restoration of the legitimate government of Kuwait, and the successful conclusion of world trade talks under GATT are a few of the themes we already have begun to discuss.

What we seek, to put it simply, is a world that looks like the U.S.-Mexico relationship itself--oriented towards cooperation, communication, and respectful partnership in seizing the many opportunities that lie before us.

Looking out at you and the statues of your great men, it's clear to me that history is on our side. Abundant moral reserves give us direction and give us courage.

And in President Salinas, I know I have the kind of friend who will answer any challenge with the same ideals that move me and the people of the United States. Hard work, total candor and full respect will be our guides as we join together in building a stronger Mexico, a stronger United States, and a better world.

Thank you for your warm reception, God bless you all, and viva Mexico!

DRAFT PRESIDENTIAL REMARKS ON RECEIVING KEYS TO MONTERREY

November 26, 1990

Mayor Rizzo:

It is an honor to accept the keys to the City of Monterrey, a great capital of industry, technology, scholarship and culture.

Monterrey's spirit and energy are the essence of Mexican modernization and creativity.

For you and your fellow citizens, what can be dreamed can be accomplished, and what can be imagined can be forged. With that approach to the future, you are the best friends I and the people of the United States could ever have.

Thank you very much.

DRAFT PRESIDENTIAL REMARKS ON CREATION OF U.S. - MEXICO COMMISSION ON EDUCATIONAL AND CULTURAL EXCHANGE

November 27, 1990

President Salinas:

This agreement, creating the U.S. - Mexico Commission on Educational and Cultural Exchange, is a major step forward for us all. It will help us develop the future leaders we need to sustain the policy advances our two governments are working so hard to achieve.

Further, it will bring our two societies closer together in new and creative ways, generating fresh approaches to our evolving cultural and intellectual realities.

I cannot think of a better symbol of our friendship than a binational commission that is directed by a board drawn from the private and public sectors alike. This guarantees that the right questions always will be asked, and the best answers always will be given.

Thank you very much.

DRAFT PRESIDENTIAL REMARKS FOR USE AT MEETING WITH BUSINESSMEN IN MONTERREY CASINO

November 27, 1990

Secretary Serra, Secretary Mosbacher, friends and neighbors:

We're making important progress in every dimension of our relationship with Mexico. More people cross the border than ever before. More illegal drugs are being seized than ever before. More universities are developing exchange programs than ever before. And more is being done between us to protect our precious environment -- up here along the border and as far south as the Lacondon tropical forest.

But it is difficult to imagine any theme more important than the one you are discussing here this morning.

You in the private sector create the economic resources that sustain our relationship as a whole, and that's why the negotiation of a Free Trade Agreement between Mexico and the United States is so vital.

Free trade means jobs, investments, productivity and prosperity. I know you in Mexico have long understood the economic importance of the United States. Now we see just as clearly the economic importance of Mexico. For us you are our number three trading partner in all the world, $52 billion dollars last year, and the numbers are rising this year towards a total that is even higher.

Since we calculate that every billion dollars of exports creates 25,000 jobs, we are talking about major contributions to the welfare of many, many Mexicans and Americans.

In his recent State of the Nation address, President Salinas said Mexico doesn't want to be a third world nation; it wants to be a first world nation.

Well, that's what we want for Mexico, too, and that's what we see happening.

In your automotive, electronic, tourism and other industries, you have world-class productive capabilities. More than that, you've got youth, drive, and dreams on your side. And we think that's good for us both -- a Mexico that wants to get out and compete, a Mexico with purchasing power and a Mexico with selling power.

When the economic crisis hit Mexico hard in the early 1980s, our southwest border suffered. Fortunately, the principle works the same way in reverse. You grow, we grow.

As we enter into the process of negotiating a Free Trade Agreement, I know that many of you will be as burdened by worries as you are buoyed up by plans. (PROGRESS?) And we'll hear criticisms, just as we did when we negotiated the Free Trade Agreement with Canada.

But let's look at what trade liberalization already has done for us. Mexico enters GATT, and bilateral trade soars from $35 billion in 1987 to the $52 billion I just cited in 1989. The in-bond industry takes hold and reaches growth rates of 20% a year, creating a half a million jobs.

There's a worldwide consensus in favor of free trade, but not everyone has the vision to make it happen. I think Mexico and the United States do have that vision, and we will be looking to you, far-sighted businesspeople, not only to make it happen, but to make it succeed.

Thank you very much.

DRAFT PRESIDENTIAL STATEMENT FOR USE, IF NECESSARY AT MONTERREY AIRPORT DEPARTURE CEREMONIES

NOVEMBER 27, 1990

President Salinas, Governor Trevino, friends and neighbors:

I leave Monterrey more firmly convinced than ever before that Mexico and the United States are seizing every opportunity to prepare our bilateral relationship for the global competition of the 1990s.

In my talks with President Salinas, we agreed on the need to advance both the Uruguay Round of GATT and our bilateral Free Trade Agreement as expeditiously as possible.

There's no time to lose in modernizing our economic cooperation and putting it to work in creating jobs, raising productivity, and facilitating cost-effective investments.

A strong Mexico is good for the United States, a strong United States is good for Mexico, and free trade is a sure path to greater prosperity for us both.

At the same time, we discussed ways to ensure that our societies are as healthy as our economies are dynamic. The war against drugs, educational and environmental cooperation, and close coordination all along our 2,000 mile border are ways to reach this goal.

President Salinas, your leadership has done so much to make a strengthened partnership between Mexico and the United States possible. Your far-sighted commitment to modernization, eloquently expressed in your recent State of the Nation address, points the way to bilateral cooperation that simply is better than ever.

My impression these last two days persuade me that a new Mexico is in the making. Monterrey's industrial resilience, Agualeguas' heart, and Nuevo Leon's energy give Mexico's future unique promise. Our relationship, our hemisphere, and our world are sure to be the benficiaries of your success.

Barbara and I thank you and Cecelia for your wonderful hospitality, and we look forward to receiving you both when we next meet in the United States.

Thank you very much.

Sally Grooms-Colvile
D.A.S.
Dick Howard
647-9894

DRAFT PRESIDENTIAL SPEECH

MONTERREY, MEXICO

November 27, 1990

Introduction

President Salinas, distinguished guests, friends and neighbors:

As I stand before you today, my mind is full of images that perhaps only my heart can understand.

I see the small town of Agualeguas on the border of our two great countries, and I feel the pulse of a Mexico that is alive with rich rhythms: the motion of the charreada, the music of the mariachis.

zocolo
I see too the grand plaza of Monterrey, and I am swept up in waves of friendship: faces alight with emotion, voices that resonate with joy.

Mr. President, in the span of just a few short hours, your entire nation -- from the small town folk to the crowds of the great city -- has told me with its welcome what you told me in five simple words: Mi casa es su casa.

And for that Barbara and I will always be deeply grateful. No guests could be offered a warmer reception than the one you, your wonderful wife, Cecilia, and your fellow citizens have extended to us here in your home state of Nuevo Leon.

What we have seen is nothing less than the dynamism of a borderland that has never been more alive. And much of this dynamism, Mr. President, owes its energy to you.

The world, as we all know, is a watchful place, and President Carlos Salinas de Gortari has caught its attention with reforms that are as exciting as they are thoughtful. The modernization of Mexico he has launched marries an historic reality -- a great, legendary country -- with what is certain to be an equally historic future. As the President said in his state of the union message, "we want to harness the new winds of change that are blowing beyond our borders."

Mexico is fortunate to have a leader with a vision of the 21st century who is guiding his nation safely, proudly and wisely towards that new world whose outlines we are already beginning to see. (Where on the face of this earth is change, positive change, more evident than in Mexico?) What other country has dropped its

barriers to trade so far, restructured its debt so intelligently, privatized so much state industry, and built so much of its national budget around investment in the future?

From the depths of a grave financial crisis, President Salinas, his fellow leaders, and the Mexican people showed the tenacity and courage that can only be found in the greatest of nations. Mexico transcended a devastating earthquake, and it throttled inflation. And Mexico did more: it rekindled growth, and that fire now burns as bright as the future of this industrious land.

Historians will detail all the complex factors that contributed to this renaissance, but one thing is certain: these advances were achieved at a critical time. Mexico's achievements are exactly the right answers for a world that is radically different from the one we have known for the last fifty years.

When President Roosevelt came to Monterrey to consult with President Avila Camacho in 1943, a global war raged. We were allies in a struggle against totalitarianism that required every last resource the free world had to offer.

That war came to one kind of a conclusion in 1945. And another war, a colder one, reached its end in 1989. Yet even as the challenges we face evolve, the nature of our partnership as friends, neighbors and colleagues endures and grows. When

President Roosevelt came to Monterrey in 1943 it was, he noted, the first meeting between the presidents of Mexico and the United States in 34 years. This is already the sixth time President Salinas and I have met since we were elected two years ago. And I can assure you that we plan to maintain this pace in our remaining time in office. The spirit of Houston lives. The spirit of Monterrey will sustain us.

We are two great countries, respectful of one another's past and values, who occupy a central place in each other's present and future. And the world we now live in is one of economic and technological competition, the struggle to protect our youth from drugs and our environment from degradation, and the advance of democracy and human rights.

Part I "Modernizing Our Economic Relationship"

As we meet here today, we are on the eve of not just one, but two, major advances in the system of international trade to bring our people food, shelter, jobs, and opportunities for a better life.

Working together, we can and must press for the successful conclusion of the Uruguay Round of GATT. The critical moment is now. As GATT members, and as two of the world's largest economies, we must insist on a simple point. If the global economy is truly as inter-dependent as our experts say, so must be its rules.

Countries in Europe, North America, Asia and elsewhere all must compete on the same playing field. More importantly, they all must have a chance to play. Trade distorting subsidies and artificial barriers create winners and losers before the game begins. Establishing fairness and openness is what the Uruguay Round must achieve. This, I know, is something Mexico believes as firmly the United States. And this, of course, is the basis for our resolve to seek a Bilateral Free Trade Agreement.

We have, after all, seen with our own eyes what trade liberalization can do. Since Mexico entered GATT and lowered its tariffs, our two-way trade has boomed. From $37 billion in 1987, it appears headed for $55 billion or better in 1990. The maquiladora industry alone -- one of the most successful international trade experiments in history -- now boasts of over 1700 plants that make these enterprises Mexico's second largest generator of foreign exchange.

A Free Trade Agreement is not designed simply to exploit each other's markets. Our aim is more ambitious. Our aim is economies that work together in complementary ways. Our aim is efficiency. In today's interdependent world economy that means we want to ensure that Mexico and the United States produce goods and services that are competitive in <u>global</u> markets as well as our

own. To do that, we need all the benefits of an FTA, including the liberalized flow of investments that will boost our productivity and create more jobs.

Those jobs, I might add, are not the same kind of menial labor our predecessors, Presidents Roosevelt and Avila Camacho, were discussing in 1943. Go to some of the leading automotive or electronics plants found here in Northern Mexico, and you will see standards that are not excelled anywhere in the world. That's the kind of quality the world demands, and that's the kind of quality U.S. and Mexican workers can provide.

I look forward to the day when you and I will meet to sign our names to a free trade agreement that writes a new page in North American history. An agreement which capitalizes in a just and equitable way on the human and natural resources provided by our two vibrant nations.

If we can succeed in these tasks, and I know we can, think what our example can do for our hemisphere as a whole. In my "Enterprise for the Americas" initiative, I sketched out a vision of free trade from Canada to Tierra del Fuego. Mexico's support -- her involvement -- is critical to welding our hemispheric productive capabilities together.

As your great Nobel-prize poet Octavio Paz recently wrote, "Mexico has been, and is, a boundary between peoples and civilizations...Boundaries, however, are not only disjunctive obstacles, they are also bridges." Let our efforts be the keystone, then, in an arch that joins many great nations together, with the freedom to trade, the freedom to compete, lifting that keystone as high as our imaginations will take us.

Part II "Building Bilateral Cooperation"

But of course our bilateral cooperation extends far beyond the marketplace to the type of world in which we want our people and our nations to live.

Mexico and the United States stand united in rejecting Iraqi aggression in the Persian Gulf. With its support in the U.N. and its increased contribution to world oil markets, Mexico is providing the kind of leadership the international community badly needs. Next week when I go to your great sister republics in Latin America, I'll be discussing with those leaders the Treaty of Tlatelolco pioneered by Mexico in 1967. As all Mexicans know, it is that important Treaty which has kept this region's territories free from nuclear weapons.

President Salinas has irrevocably committed the Government of Mexico to a decisive victory over drug trafficking. He understands that narcotics are a scourge that pass quickly from the hands of the criminal to affect the health of entire societies. Drugs know no nationality and respect no boundary. Our fight against traffickers is the equivalent of war, and as in any war, we each have had our casualties and our wounded. The grief we feel is just as real whether the heroes fall on your side of the border or our own. Those who have sought to divide or dissuade us on this issue have failed and will continue to fail. When President Carlos Salinas de Gortari looks you in the eye and says he means to chase drug-runners to the ground, I, for one, believe him. And I know he believes me when I say the same thing.

Putting criminals in jail is dirty and difficult work, yet for all its importance, that's not the ultimate objective. The ultimate objective is to ensure the health, competitiveness, and productivity of the American and Mexican peoples. Our partnership is founded upon nothing if not respect for our peoples. This is something which narcotraffickers may never understand, but it is something on which Mexico and the United States will never yield.

We simply have learned that what affects one of us affects us both. The debt crisis, the war against drugs, and the struggle to preserve our environment all are based on this simple principle.

Our new international sewage plant in San Diego, our air pollution studies in El Paso, Juarez, and Mexico City, and our policing of toxic waste disposal along the border protect Mexico's environment, the United States' environment, and the globe's environment. It's all one precious Earth and we inhabit the same small piece of it.

That is the attitude, I am happy to say, which marks the most heavily crossed international border anywhere in the world. Pardon me for challenging the widespread misperception that it is a troubled dividing line between two countries and peoples in conflict. If that's your view, you can't count. We had over 240 million crossings of that border last year, 240 million <u>legal</u> crossings. The United States and Mexico are passionately and gloriously and routinely involved in each other's lives. And the future will be even more so. President Salinas and I both claim hometowns no more than 200 miles from our common border. Between the U.S. snowbirds flight south, and the Mexican migration to the booming "norte", a new culture is born, firmly rooted in common understandings with a common center of gravity transcending the international boundary.

Part III "A Partnership of Respect and Understanding"

We have had plenty of history together, Mexico and the United States -- much more of it as friends than as enemies, but too much of it as distant neighbors, participants in distinct economic and political evolutions. It is in this critical dimension of who you are and who we are that we both still have so much to learn. Fortunately, one lesson we seem to have finally mastered is to take each other seriously, to look past the stereotypes, and to grapple with the realities of everything we have in common and everything we might some day share.

History gave us, if you will, 12 million Mexican-Americans. It gave us Manuel Lujan and Lauro Cavazos of my Administration. It gave us Lee Trevino of professional golf, and Valenzuela of the baseball diamond, and Antonia Hernandez of the Mexican-American Legal Defense Fund.

But let me not thank history for this gift. Speaking for all the people of the United States, let me thank you, all the people of Mexico. What a precious treasure you have bestowed upon my nation. And no one is more fortunate than I. Thanks to the intelligence and good taste of my son Jeb, we have the honor to

have as part of the Bush family, Columba and our two Mexican-American grandchildren. So when I speak of Americans and Mexicans in general, or of the Bush family, I am proud to say: "Somos una familia". (We are one family).

Today we are creating the U.S.-Mexican Commission for Educational and Cultural Cooperation. We are reaching out to our scholars, artists, and educators, and we are saying, let us build together a new partnership of respect and understanding. Let us infuse it with thought, with wisdom, and with inspiration.

What could not be done in the past can be done today. The world of global conflict is giving way to the world of global cooperation. Freedom, in political systems, in trade, is the watchword of the present and of the future.

A decade from now we will enter the 21st century. Already, we see the shape of the new world to which we will belong. It is a world in which only those nations which can trade, compete, and modernize will enjoy the growth and prosperity on which their people's health and happiness depend. It is a world in which a new generation of challenges that know no borders -- the scourge of drugs, assaults on our air, land, and water, the dangers of nuclear proliferation -- will require greater cooperation among the nations of the world then ever before in our history.

Our partnership is destined to promote these ideals and face these challenges. Let north and south, east and west examine us for how we have matured and modernized a relationship that once was static and now is dynamic.

That vision, in my view, should be our joint gift to our children, our grandchildren, our hemisphere, and our world.

So, to your warm welcome, Mexico, I can only extend my hand and offer my nation's loyal partnership in the extraordinary decades that lie ahead.

Thank you very much and God bless you all.

John R. Bolton

Current
Policy
No. 1244

Human Rights Challenges in Central America for the UN

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

Following is an address by John R. Bolton, Assistant Secretary for International Organization Affairs, at the Department of State Human Rights Day ceremonies, Washington, D.C., December 7, 1989.

I am pleased to join with Dick Schifter [see Current Policy No. 1242] today in commemorating the human rights values which have nurtured us as a nation and which have served as a standard and as a goal for the international community. Forty-one years after the United Nations adopted the Universal Declaration of Human Rights, we meet here today amazed at the real impact the hopes embodied in the Universal Declaration have had upon the people of the Soviet Union and Eastern Europe. We have also watched with sadness, while people in other parts of the world struggle against great odds to realize their rights to freedom of expression and assembly. We meet here today knowing that while much has been accomplished, the challenges remain formidable.

How can we in the United Nations change the ugly face of human rights abuses? Today in Central America we are witnessing a process in which the linkage between human rights, genuine self-determination, and peace and stability has been made explicit. The Tela accords signed by the Governments of Costa Rica, Guatemala, El Salvador, Honduras, and Nicaragua expressly connect cessation of external support for insurrectionist groups; voluntary demobilization, repatriation, or regional relocation of the Nicaraguan Resistance; and the creation of an environment in Nicaragua, whereby the Resistance can return without fear of further abuses of human rights, and whereby all groups can participate in free and fair elections.

Open, Free, and Fair Elections for Nicaragua

We in this country, with a 200-year history of peaceful change of government through the electoral process, do not have to think about what free and fair elections require. We are fortunate that the institutions provided for in our Constitution or which have evolved over the years provide a framework for genuine elections.. The people of Nicaragua, sadly, are not so fortunate. And what is occurring now in Nicaragua sends a resounding message that an electoral process without the guarantees of human rights provided—for example, in our own Constitution—cannot be taken for granted.

Since coming to power, the Sandinistas have made it quite clear that the one thing they fear most is the possibility that the Nicaraguan people could vote their conscience in an unfetterred election. They have done their utmost over the years to avoid such a possibility. However, thanks to the diplomacy of the other Central American governments, and to the Sandinistas' own abundant cynicism and duplicity which have led to many blunders on their part, the Nicaraguan Government has signed on to an agreement which requires it to permit the holding of an open, free, and fair election next February.

Sandinista Violence Against the Opposition

It is not surprising that the Sandinistas are violating the spirit of the process which they have formally undertaken to support. Polls indicate that the Nicaraguan opposition, at first

fragmented and disorganized, has now evolved into a political force enjoying widespread support among the people of Nicaragua. As the opposition has coalesced, the Sandinistas have stepped up tactics designed to discredit, confuse, and intimidate the opposition and its supporters. Press reports detail incidents of open harassment, beating, threats, firebombings, smears, and even attempted murder directed against the opposition.

For instance, in the town of Pantasma on November 26, the opposition's vice presidential candidate Virgilio Godoy along with a group of supporters were stopped by soldiers. Godoy took the opportunity to complain to the soldiers that two of his supporters had been beaten and detained by the army. The soldiers responded that the opposition had been throwing rocks and their commander then threatened to open fire on Godoy and his party.

An opposition activist, Encarnacio Porras, was beaten by a Sandinista soldier following a rally in San Dionisio. The mobs of young toughs known as *turbas* that have been employed by the Sandinistas to cow the Nicaraguan populace throughout their rule are now actively involved in the election campaign. Our Embassy reports that at virtually every opposition rally *turba* gangs roam about throwing rocks, shouting down speakers and roughing up supporters. Several opposition activists have been attacked by *turbas* who have inflicted severe injuries. Sandinista officials have not even attempted to veil threats intended to prevent the opposition from campaigning. For instance, the Sandinista mayor of Nandaime warned prior to a rally scheduled for November 19 that if the event occurred "there will be blood, there will be death."

These and other incidents too numerous to mention now present a clear pattern of abuses designed to interfere with the open, free, and fair electoral process that the Sandinistas are pledged to uphold. Meanwhile, they have stepped up international pressure to force the *contras* to accept their vague assurances that there will be no recriminations, no further human rights abuses of the *contras* and their families should the Resistance lay down their arms and return to Nicaragua as refugees.

UN Election Monitors

The UN Security Council has given a clear mandate to the UN election monitors for Nicaragua. This mandate includes the obligation to raise all incidents that violate or interfere with the principle of free and fair elections. We are working closely with Ambassador Elliot Richardson, who heads the UN monitors, to ensure that the types of violations I have described are noted and raised with the Sandinistas. Ambassador Richardson will be required in February to certify that the elections and electoral process conform to the letter and spirit of the Tela agreement. Given the current situation, he will need to work very hard in the next few weeks to be in a position to do this.

The relationship among the enjoyment of those human rights described in the Universal Declaration of Human Rights, democratic process, and regional peace and stability in Central America is inescapable, for us, for the United Nations, and for the governments of Central America. The Central American peace process depends on the ability of the people of the region to express their wills through free and fair elections which in turn require such fundamental human rights as a free press, freedom of speech, of assembly, of worship. The United Nations has the opportunity to make a lasting contribution to the welfare of all the people of Central America. It will require forthrightness and toughness to ensure that this opportunity does not fall by the wayside.

Cuba's Human Rights Abuses

Cuba is in many respects the source of Central America's problems. It is Fidel Castro's Cuba, of course, that the Sandinistas have modeled themselves upon politically and militarily. As communist regimes throughout the world are being repudiated by their own citizenry, it is highly ironic that Castro remains dinosaur-like—able to resist in his own domain the changes sweeping the rest of the world.

Three years ago the United States launched a campaign to call the world's attention to the nature of the gross and systematic human rights violations that form the underpinnings of Castro's power over the Cuban people. We still believe that the spotlight afforded by a UN human rights investigation affords one of the best ways to affect Castro's behavior. The UN Secretary General has received a mandate from the UN Commission for Human Rights to raise cases of human rights violations with the Cuban Government. We are working closely with the UN Center for Human Rights to ensure that the Secretary General has the details of human rights abuses in Cuba, and we look to the Secretary General to forcefully pursue his mandate.

The Unitary UN Approach

Our approach to human rights in the United Nations is a major facet of what I call the unitary UN. As I have described, we need to be mindful of the interrelationships among human rights, democracy, and international peace and stability. In the United Nations, we are constantly on the lookout for ways to hammer home these interrelationships. We make human rights concerns an aspect of what we seek to do throughout the UN system whether it is in economic or social forums. ■

Human Rights Problems in a Democratic Western Hemisphere

United States Department of State
Bureau of Public Affairs
Washington, DC

Public Information Series

Remarks of Ambassador Luigi R. Einaudi, US Permanent Representative to the Organization of American States (OAS), during the June 7, 1990 debate on the Annual Report of the Inter-American Commission on Human Rights at the 20th OAS General Assembly in Asuncion, Paraguay.

In this last semester, as throughout its 30-year history, the Inter-American Commission on Human Rights (IACHR) has distinguished itself in its professionalism and its productivity. It is today the conscience of the Americas. The standard it sets for performance in the advancement of human rights is a global standard.

That is a good thing, indeed, for the dynamic of global development requires that we accelerate efforts to secure the human rights of all citizens. Countries today must be open and outward-oriented, ready to engage effectively with the rest of the world—in trade and commerce and, more generally, in affairs across the board.

Countries turned inward by the fratricidal internal conflicts so often associated with human rights abuses are greatly disadvantaged. Moreover, competitiveness in today's world requires efforts to maximize human potential—an imperative that is irreconcilable with disrespect for human rights.

In short, a modern state cannot afford to minimize human rights concerns, and we of the Americas have made great progress in our generation. At the same time, a sober reading of the annual report of the IACHR dispels superficial optimism. Human rights are the cornerstone of the modern state. This hemisphere is making major strides, but we have few grounds for complacency.

Human Rights and Democracy

Since our last meeting, Panama, Nicaragua, and Chile have joined the ranks of countries with democratically elected governments. In noting the milestones along the way to the return of elected civilian government in Chile, in detailing the steps taken in Panama to consolidate democratic rule, and in highlighting the importance of the February elections in Nicaragua, the commission is exemplifying the link between democracy and human rights. Its timely reports of electoral campaign irregularities in Nicaragua last year prompted corrective actions, thus contributing to the peaceful and representative vote in February. Its visit to Haiti in April and the special report presented to this assembly on the situation there can make a similar contribution.

To its credit, the commission makes clear that human rights problems do not suddenly or automatically disappear with the return of democratically elected leaders. El Salvador, Guatemala, Paraguay, and Suriname have all opted for democracy. But the painstaking, long-term effort of building democratic institutions and ensuring respect for human rights continues.

The commission is unsparing in its judgments on incidents in these countries, demonstrating that good intentions are not a guarantee of satisfactory performance on human rights matters. Unlike dictatorships, however, democracies do not stand alone in working to improve human rights conditions. The commission works with them to address problems. And, to their credit, member states have—as the commission confirms—a solid record of cooperation with the commission. This record of active cooperation attests that, for human rights and international cooperation, democracy works—not as a panacea, but as the best environment for getting the job done.

The Country Reports

Cuba. My government perceives Cuba, the first country reported on, as having a government that sets it apart from the remaining countries covered in the annual report for two reasons. Cuba is the only country in the group—or in this hemisphere—that has not committed itself to elections, and Cuba is the only country in the hemisphere whose government can be said to repress human rights as a matter of official policy.

Cuba's human rights situation has deteriorated over the past year. The commission documents government harassment, judicial sentencing without due process, deprivation of work, and imprisonment under extremely negative conditions. The report lists 34 members

of 10 different human rights and dissident organizations who have been detained since September 1988.

This is the commission's most detailed coverage of the Cuban government's human right practices since its special report on Cuba in 1983. The account of the crackdown on dissidents complements other recent reports by Americas Watch, Amnesty International, and the US Department of State.

Chile. The chapter on Chile gives the annual report an upbeat turn. The commission "underscores its satisfaction on the re-establishment of representative democracy," a note of welcome to the new government of Chile that my government fully shares. The chapter marks the key events in the transition: the October 1988 plebiscite, the July 1989 constitutional reform, the December 14, 1989 elections, and the March 11, 1990 transfer of power to the civilian government.

The report highlights the new government's plan to establish a commission to investigate human rights abuses during the military regime. It comments briefly, but concretely, on the persistence of terrorist actions throughout the period.

El Salvador. The El Salvador chapter notes two "conflicting tendencies"—an escalation of violence and human rights violations and progress toward a resumption of peace talks between the government and the Farabundo Marti National Liberation Front (FMLN).

The report makes a thorough—and frankly disheartening—record of events since its last report on El Salvador. Many of us in this room recall that this committee last met in the midst of horrifying news: the launching on November 11 of the largest guerrilla offensive of the civil war. Then, 5 days later, the murder, apparently by government forces, of six Jesuit educators, their cook, and her daughter.

The commission describes these events as part of a "vicious cycle of violence" in which the right and left, security forces and guerrillas, share blame. The violence and the abuses have affected noncombatants, journalists, government officials, churchmen and -women, and labor unionists—every sector of Salvadoran society.

My government is convinced that the democratically elected government of El Salvador is making serious efforts to incorporate all elements of society in the political process. But the violence is retarding these efforts. The commission observes that "the relative advances (in human rights) made have been seriously compromised by recent events." It cites claims by nongovernmental organizations of an increase in torture of political prisoners and by journalists of harassment, threats, and arrest by security forces. The commission also observes that the government has not as yet replied to its request for information on the killings of the Jesuits.

Those who follow the situation in El Salvador differ over particular cases and general characterizations. But what emerges is a series of fundamental truths. It is time to stop the killing in El Salvador. It is time to move forward with dialogue. The war must yield to genuine national reconciliation.

Guatemala. The report on Guatemala is disturbing. But if the commission is frank in exposing problems, the government and the military of Guatemala are equally frank in acknowledging the problems. The commission reports the "most serious" increase in violence and human rights violations since the present government began its term. It finds the government ineffective in preventing, controlling, and investigating the violence and prosecuting those involved. It also perceives a lack of control over those in the security forces who, in the commission's view, appear to have had direct involvement in a number of the violations.

The report deals with defects of the judicial system as well as inconclusive police investigations. While detailing acts of terrorism by the guerrillas, the commission also cites Minister of Defense [Hector] Gramajo, who accuses army dissidents of serving the extreme right. President [Vinicio] Cerezo, during his visit to the UN General Assembly in September 1989, said that extreme right wing groups were responsible for kidnapings, torture, and murder of trade unionists, journalists, and students and that former officers of the security forces might also have been involved.

The situation is grave, but the government's willingness to acknowledge problems is positive, and the institutionalization of democracy has made substantial gains. There is a high degree of press freedom in which even the guerrillas can publish at will. The government cooperated with the commission's visit and refused to impose a state of siege when violence peaked last summer.

Finally, the report also mentions reforms being attempted in the judicial branch under the tutelage of the president of the Supreme Court. The active role of the new human rights ombudsman and the new possibility of ending the guerrilla war through the peace talks initiated in Oslo in March 1990 are additional positive signs.

The friends of democracy should draw a sober but not defeatist conclusion from these facts. The will to improve human rights must be joined with the power to secure those rights.

Nicaragua. The commission gives special attention to Nicaragua's electoral campaign and vote, events the commission describes as "in themselves an important contribution to peace and respect for human rights." Somewhat modestly, the commission also notes that the release of the 39 persons excluded from the March 17, 1989 pardon "complied with the recommendation made repeatedly" by the commission.

The commission looks briefly at the post-electoral environment with a sense of the enormity of the task that lies ahead and makes two judgments we share in full. It trusts that the transfer of power and "positive experience with the exercise of political rights" will be applied to the political, economic, social, and cultural challenges ahead. And the report concludes with a reminder of the "responsibility of the international community" to support Nicaragua's new government.

It is perhaps proof of the commission's independent state of mind that it does not even mention one of the most striking contributions of the international community to national reconciliation in Nicaragua: the work of the OAS electoral observers and the OAS Verification and Support Commission (CIAV) under the leadership of Secretary General [Joao Clemente] Baena Soares. I congratulate Commission President [Leo] Valladares for including such a reference this morning. I would add that my government fully supports the demobilization of the Nicaraguan Resistance in accordance with existing agreements and accepts the leadership of the secretary general in supporting them.

Panama. The Panama chapter documents major improvements in the

human rights situation and in official responsiveness. The government has restored basic civil liberties and has devoted special attention to restructuring the security forces. The commission notes:

- The reestablishment of freedom of expression and right of association and restoration of news media that had been shut down or confiscated;
- The freeing of former military men and civilians who had been detained on charges of coup plotting or otherwise endangering public safety and who had, in most cases, been tortured;
- The launching or reopening of investigations into killings under the previous regime, including the Spadafora case;
- The decentralization of the security forces to ensure their compliance with the constitution; and
- The initiation of judicial and penal reforms.

The commission reports that it has recently received many fewer complaints and that the new government has responded to them promptly and satisfactorily. At the same time, the commission recommends government action in six areas, from the status of individuals detained after the US military action last December to measures to prevent recurrence of abuses like those described in the special report of September 1989.

We are encouraged that human rights concerns are being addressed by the new government. Several—such as protection against any renewal of military abuses and institutionalization of democracy—are the subjects of a series of government-proposed constitutional amendments currently before the Legislative Assembly, which has also been asked to revise the nation's judicial statutes.

The status of detainees remains a problem. Panamanian courts are overloaded with criminal cases, and there is a backlog of persons awaiting sentencing. Similarly, improvement of economic and social conditions for low-income Panamanians depends on overall economic recovery, especially reduction of high unemployment. The economic assistance recently approved by the US Congress—after considerable urging by President Bush—is designed to help alleviate both problems.

Paraguay. The report on Paraguay praises many positive actions taken by the [Andres] Rodriguez administration. At the same time, it notes legal and socio-economic difficulties that "hamper the full observance of human rights." This detailed report was enriched by a visit of the commission to Paraguay in response to an invitation extended by the Rodriguez administration shortly after assuming office.

The report notes many specific steps taken by the Rodriguez administration including:

- Repeal of laws used to jail dissidents;
- Judicial action against former officials accused of abuse and corruption;
- Elimination of official obstacles to the freedom of expression, thought, and association; and
- New guarantees of personal freedom, judicial protection, due process, political rights, and access to public office.

The commission also summarizes complaints made to the commission members who interviewed landless peasants, union leaders, and representatives of the approximately 50,000-member indigenous population. The commission praises the new government for ratifying the Inter-American Convention on Human Rights as well the UN and inter-American conventions against torture. The new electoral law, the new human rights committee in the Chamber of Deputies and the new National Commission to Coordinate Rural Development are also cited.

The commission sees the most serious failings in the area of judicial protection. It notes that 90% of the detainees in the country's major prison are still awaiting sentencing. In most cases, their trials had not been completed.

The report discusses legislative amendments to correct this problem, as well as government requests to the OAS and United Nations for human rights training to police and armed forces and the government's proposal to amend the constitution in 1992 to create a stable career system for judges.

My government endorses the findings of the commission, and welcomes the positive developments in Paraguay since the Rodriguez government took office. We congratulate the government of Paraguay for restoring respect for the fundamental freedoms that make a transition to democracy possible. We hope to see continued progress on remaining problem areas such as lengthy pre-trial detention.

Suriname. The report on Suriname is hard-hitting. There are accounts of arson, shootouts, attacks on government officials and property, attempted assassinations, and ongoing civil strife. The report draws two general conclusions about the situation in Suriname: "First, that the duly elected civilian authorities have no real control over the military situation in Suriname. Second, the army is the de facto power in the country."

My own government has observed that the Surinamese military, whose influence had diminished following the return to elected government, has "reestablished itself as the dominant political force in the country."

Clearly, conflict among different ethnic groups has been the source of much violence and deteriorating respect for internationally recognized norms of humanitarian conduct. Efforts to bring genuine peace to conflictive areas would greatly benefit the human rights situation.

The commission reports on the passage by the national assembly of a bill removing civil arrest powers from the military police. "Promulgation as law of this bill would constitute a first step toward the establishment of a true democracy in the sense that the military must be subservient to the elected civilian authorities." President [Ramsewak] Shankar has now signed this bill into law.

An Agenda for the 1990s

I would like to close with a few additional comments. I would like to express my congratulations to Leo Valladares (Honduras) and Edith Marquez (Venezuela) for their new positions as president and executive secretary of the commission and my government's genuine gratitude to their predecessors, Oliver Jackman (Barbados) and Edmundo Vargas (Chile). They have given us high expectations; we pledge to cooperate to make them reality. As the Permanent Representative of the United States, it is with great pride that I thank David Padilla, a US citizen, for his exemplary performance as acting executive secretary during the past 4 months.

Finally, a word about future directions. First, the commission's high

standards of professionalism, impartiality, and integrity must be maintained. Independence and non-partisanship are vital to the commission's effectiveness. My delegation concurs fully with the appeal by the distinguished delegate of Chile that the work of the commission not be politicized.

Second, the commission should, as [Deputy] Secretary Eagleburger indicated in his speech before the assembly, consider offering technical assistance and human rights training to interested member states and, with their consent, to their citizens. Our common democratic orientation provides an opportunity, indeed creates an obligation, to move from consensus to action, from high aspirations to practical measures. IACHR assistance might include, for example, training of governmental and nongovernmental human rights workers or organizations, training to strengthen judicial systems, advice on national legislation to protect human rights, and building safeguards to protect political rights. Such assistance might well be offered in coordination with the secretary general and senior secretariat officials charged with responding to requests from governments to support democracy.

In conclusion, let me note that the progress in democracy and human rights that we are witnessing is not the product of impersonal forces. If the prospects of freedom seem better than ever, it is largely because men and women everywhere—tradespeople, laborers, lawyers and journalists, churchmen and -women, and many others—have worked long and hard. One of the most moving moments in this morning's debate was the statement by the distinguished representative of Paraguay, describing the human dimensions of cooperation in the face of oppression and joy at the great progress that has taken place in this most beautiful land.

Human rights activists are prominent in freedom's forward movement. I salute them. And I add, with a sense of personal concern, that these very persons who are in the vanguard of the struggle for human rights are themselves, in all too many instances, the victims of human rights abuse. As human rights monitors themselves, I would hope that the members of the commission would make the situation of those activists in the hemisphere who are threatened and abused a special concern—either within upcoming country reports or perhaps as the theme of a separate chapter.

The activist human rights observer plays a role that is not always welcome. But it is a role that is indispensable to effective modern-day democracies—to governments which derive their strength from the steady popular support that can only be earned through strict accountability and continuing openness. Any abuse against any individual's human rights merits attention. This must hold for human rights activists and monitors as well. Their work is critical to the process of democratic consolidation now underway. ■

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Secretary Baker

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Narcotics: Threat to Global Security

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

Following are remarks by Secretary Baker before the UN General Assembly Special Session on Narcotics, New York City, February 20, 1990.

These are promising times for the world community. From South Africa to Eastern Europe, from the democratic movements in Asia to the new generation of democratic leaders in Latin America, we hear the stirring cry of freedom. People of faith, conviction, and courage are struggling and prevailing against difficult odds.

The old world of dogmatic dictatorships is on its way out. Tragic throwbacks to repression only serve to remind us that the new world of secure, prosperous, and just democracies has not yet arrived. And it will not come automatically. We all must work to bring it into being and ensure that it will last.

Global war brought this organization into existence in 1945. And it was with solemn determination that the UN founders pledged, in the opening words of our Charter, "...to save succeeding generations from the scourge of war...."

Especially now, at this promising time, it is critical for the nations of the world to recall the fundamental aims that unite us. For if we fail to support the goals of the UN Charter—peace, human dignity, justice, respect for sovereign rights and international law, concern for the well-being of all the world's peoples—if we fail to do our utmost to accomplish these aims, then we could end up living in a future that resembles our troubled past.

Even as we work together to eliminate war and conflict, there are other troubles that will not wait and that are bringing untold sorrow to mankind. Even as we heed the cry of freedom and democracy, we must not fail to hear another cry. This cry is not the affirmation of freedom but its negation, not the uplifting of democracy but its degradation. It is the call of the drug addict.

That cry concerns all of us, and it is urgent. We hear it close to home—to my home, to your home, and to the homes of our neighbors in the world community. None of us—**not one nation**—remains untouched. None of us—**not one**—is safe from the danger of drugs.

Drugs pose a serious threat to global security. We are here at this special session because we recognize this bitter truth. We fully recognize the growing importance of combatting drugs. I particularly wish to thank the governments that have played leading roles in preparing the agenda before us.

I would now like to review for you the comprehensive approach my government is taking to help rid my country and the world of illicit drugs.

First, I will describe America's national drug strategy, which centers on the need to reduce the use of drugs at home.

Second, I want to share with you the results of the summit in Cartagena, where President Bush and the leaders of Colombia, Bolivia, and Peru formed the world's first antidrug cartel.

Finally, I will offer my government's thoughts on how the United Nations can best assist in the global fight against narcotics.

The U.S. Effort

First is our national drug strategy. The American people consider drugs the number one problem facing the United States. And winning the war against drugs is a top priority for President Bush and, therefore, a top foreign priority for me. The Bureau for International Narcotics Matters at the Department of State, ably led by Assistant Secretary Levitsky, has done a first-rate job of ensuring that narcotics control issues are fully integrated into our diplomatic efforts.

Our drug control strategy calls for an attack on the drug problem in all its aspects—consumption, trafficking, illicit production, treatment, and rehabilitation. My government is placing greater emphasis than ever before on preventive

education programs, treatment, and rehabilitation. We aim to stop the trafficking in all illicit drugs, not just cocaine. Heroin, marijuana, and the so-called designer drugs are also major threats. And we are attacking the problems of domestic cultivation and trafficking.

This kind of comprehensive approach calls for increased resources. Since the Bush Administration took office, the domestic antidrug budget has increased 67% to $7.6 billion. And our international antidrug budget, including border and off-shore interdiction efforts, has increased 73% to $3.1 billion.

We fully realize that attacking the problem of domestic consumption is our most critical challenge. As long as the demand for drugs by Americans remains voracious, our nation faces an endless, uphill struggle to halt supply. We are making progress. Domestic drug use dropped 37% from 1985 to 1988, and cocaine use was cut in half over the same period. But we have a long way to go.

We are determined that drug users in the United States face the hard facts: Their behavior is not just a personal indulgence. American users act as paymasters to organized murderers. Profits from every kilo of cocaine bought in the streets of America buy the bullets which rob democracies of their dignity and freedom. American users aid and abet the drug cartels which in turn foment and exploit regional and global instabilities. When Americans feed their habits and enrich the cartels, it's like they're giving succor to terrorists. American users are accessories to criminals who poison children. Their habits also contribute to the murder of the land. Coca farmers have destroyed acres of forest lands; traffickers have dumped millions of gallons of precursor chemicals into rivers.

I regret to say that narcotics has become a big business, a very big business in my country. Last fall in Los Angeles, agents seized 22 tons of warehoused cocaine. If all the kilo packages we seized were stacked, one on top of the other, the pile would be a mile and a half high—that's a mountain of misery half the height of the tallest mountain in the continental United States. It was estimated that the street value of the seized cocaine exceeds the individual gross national products of well over 100 of the nations represented in this chamber today. And this was just one warehouse. Imagine the veritable Mt. Everests of misery we haven't found!

Thus, consumption and supply, dependency and exploitation, greed and violence become a vicious circle—in truth, like a dragon chasing its own barbed tail. That circle of misery and death must be broken. America is helping to break it—both at home and with our partners abroad.

The Cartagena Summit

This brings me to my second topic: last Thursday's [February 15] summit in Colombia. As you know, President Bush and I traveled to Cartagena where we met with our counterparts from Colombia, Bolivia, and Peru. In Cartagena, the summit partners pledged to attack the merchants of drugs and death from every angle—production, distribution, finance, and use. President Bush was unequivocal in his commitment to reduce demand for drugs in the United States. We agreed that it was pointless to apportion the blame between producer nations and consumer nations—narcotics are a deadly threat to all nations that are exposed to them. We and our summit colleagues are determined to break the back of crack and put the illicit cartels out of business.

By going to Cartagena, the President demonstrated our country's absolute determination to fight the drug war for however long it takes. We have assured our partners that we will not fail to support them in the drug fight.

As part of our support, from FY 1989 to FY 1991, the United States will increase sevenfold our international drug budget for Colombia, Bolivia, and Peru. Our total economic assistance will more than double to those Andean nations next year as they undertake tough counternarcotics programs and apply sound economic policies.

It is fitting that the summit was held in Colombia. We applaud Colombia's courageous decision to seize and destroy labs, arrest and prosecute narcotics offenders, extradite traffickers and money launderers, and challenge the cocaine empire.

No nation has so bravely confronted the drug lords or made greater sacrifices. No nation here can remain indifferent to Colombia's fate. The scale of drug-related violence in Colombia is horrific, even to those among us who have experienced firsthand the violence that has been so sadly a part of our turbulent century.

In one short and brutal decade in Colombia, the Medellin and Cali traffickers have killed over 1,000 public officials, 12 Supreme Court justices, over two dozen journalists, and more than 200 judges and judicial personnel, not to mention the scores of men, women, and children who happened to be going about their daily lives in the wrong place at the wrong time. And no amount of laundering can wash the blood off money stained by drugs. The so-called kings of cocaine are criminals—criminals of uncommon power and uncommon brutality.

Time and again, President Barco has put his own life on the line to free his nation from the deadly grip of the drug cartels. Together with President Barco, Presidents Bush, Garcia, and Paz all recognize their responsibility to take the lead in combating cocaine, our common enemy.

Together at Cartagena, we reaffirmed the need for development, trade, and investment to strengthen growth-oriented economic policies in order to offset the economic costs of counternarcotics programs. We agreed to work in concert to heighten public awareness of the debilitating effects that drug production, trafficking, and abuse have on our countries. We agreed to provide economic assistance to help strengthen the legitimate economies of the Andean nations. And we agreed to strengthen the law enforcement capabilities of our countries to bring traffickers to justice. President Bush told his Andean colleagues that he would raise these issues with the G-7 at the Houston summit and with other developed countries as well. The United States seeks to improve and strengthen narcotics consultation and cooperation with other developed countries to bolster international support of producer-country counternarcotics efforts.

Finally, we and our Andean colleagues agreed to urge all countries to ratify, as soon as possible, the UN Convention Against Illicit Traffic in Narcotic Drugs and Psychotrophic Substances. When ratified, the 1988 convention will foster worldwide cooperation in such areas as money laundering, asset seizure, precursor chemical control, extradition, investigation, intelligence gathering, and information sharing. I am pleased to report that President Bush signed the instrument of ratification for the United States on February 13. We deposited the signed instrument of ratification with the United Nations today.

Ratification by all countries will help us in regional efforts to combat cocaine and also increase worldwide cooperation against illicit drugs of all kinds.

A Strengthened Role for the UN System

By fostering worldwide cooperation, the United Nations plays a crucial role. It is imperative that we make maximum use of the UN instruments and the UN system as a whole to buttress our efforts at the national and regional levels.

There is no country here so proud or so great as to be able to rid itself of drugs without the help of other nations. Nor is there any country here so small that it cannot support in some way this important international effort. Together we can work more effectively than in isolation. We can accomplish more in concert that at odds with one another. This special session affords to us all, the community of nations, an opportunity to work together decisively against drugs.

We must seize this opportunity now. For if we let it pass, our inaction will condemn more children to suffering and want, more families to destruction, more governments to the assaults of drug cartels. And more of the threads that hold together the very fabric of civilized society will unravel.

That is why the President and I are convinced of the timeliness and efficacy of this special session. We have the opportunity to set an action-oriented course for the UN system.

It is my government's hope that adoption of the Global Program of Action, and the related Political Declaration, will take us considerably closer to ridding the international community of the drug scourge—provided, of course, that the program commits us to concrete activities, that it is fully implemented by the UN agencies of the system, and that it is backed by complementary efforts at the national and regional levels. Certainly we the member governments cannot ask the United Nations to do things that we will not do at home. Nor can we ask the United Nations to undertake ambitious programs without financial backing and a strong infrastructure with which to carry them out. We must order our priorities in such a way as to accomplish our aims within the framework of a unitary approach to the entire UN system and through zero real program growth in budgets.

The Global Program of Action will reinforce the solid foundation which we have built already; by this I mean the two established international drug control treaties now in effect and the new convention against illicit trafficking which I mentioned earlier. In addition, we have other mandates such as those contained in the comprehensive multidisciplinary outline from the 1987 International Drug Conference and UN General Assembly Resolution 44/141, adopted in December 1989. All of these documents give us the legal and program basis as well as the clear authority with which to proceed. So let us use these tools effectively before we endeavor to write new treaties. We want to strengthen our systemwide efforts and ensure maximum cooperation, coordination, and efficiency in the conduct of all UN programs.

To be sure, there is a good case for improving and reinforcing our multilateral infrastructure. We agree that member countries should allocate more resources to UN antidrug efforts in order to complement domestic counternarcotics efforts. We are more committed than ever to working with other governments, so that the UN system may be a stronger, more responsive partner in the drug fight. With the help of the Secretary General and all member states, the President and I are hopeful that the Global Program of Action will energize a dynamic drug control effort of worldwide scope.

In our global war against drugs, we regard as natural allies all nations sharing the resolve to resist this scourge. Traditional friends and traditional adversaries alike must pool their efforts. Indeed, many of us already have joined forces, despite political and economic differences. Together we will combat the multinational drug empires on every front. Together we will hold to account any government that grants safe havens to drug profiteers, that actively permits the laundering of money, that turns a blind and uncaring eye to drug abuse and drug trafficking. We will give no quarter.

Conclusion

I began these remarks by saying that we are living in promising times. Freedom and democracy are in the ascendancy, yet they face formidable odds. Undoubtedly drugs are among their mortal enemies, for freedom and democracy are universal ideals that speak to the dignity of every individual. And if these ideals are to be realized, every individual must make a contribution to his or her own society and to the world community. An individual caught in the grip of drugs becomes a slave—no longer a free or a responsible person. And the same thing can happen to entire nations.

But such tragedies do not have to happen—not to our citizens, not to our countries, not to the world community. It's up to us—each of us, all of us together. A great deal is at stake.

We know that we cannot cleanse the world of drugs in one generation. Yet I believe I am justified in ending on an optimistic note. More than ever before, nations all over the world are working together on the global drug problem. The United Nations has greatly helped to bring this about.

From the Soviet Union to Jamaica, from Spain to Malaysia, nations are joining forces in the fight against narcotics. We, the peoples of the world, must keep up the fight—in the deep jungles and mountain valleys where coca and poppies are grown, in the urban jungles ruled by corruption and cruelty, in shadowy backrooms where drug-stained money is laundered, and in the dark recesses of the soul—there perhaps most of all.

Now—today—for the sake of our children and our grandchildren, we must do all that is humanly possible to rid God's good earth of the evil scourge of drugs.■

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Melvyn Levitsky

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The Andean Strategy To Control Cocaine

United States Department of State
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Following is a statement by Melvyn Levitsky, Assistant Secretary for International Narcotics Matters, before the Subcommittee on Western Hemisphere Affairs of the House Foreign Affairs Committee, Washington, DC, June 20, 1990.

I welcome the opportunity today to discuss the President's Andean strategy and outline our policy goals and objectives in this area. Cocaine control is our number one priority and our main focus has been, and will continue to be, the Andes.

The President's historic meeting in Cartagena, Colombia, in February signaled a new era in narcotics cooperation with our Andean partners. No longer is the drug issue simply a law enforcement problem. We are working with Colombia, Bolivia, and Peru to explore ways to strengthen law enforcement, military, intelligence, and economic cooperation, including opportunities for expanded trade and investment in order to attack the drug trade in a comprehensive way. The President's Andean strategy seeks to bolster these countries' capabilities on all fronts. The programs we have are cooperative programs. We cannot do the job without a strong effort from the Andean countries, the countries that surround the Andean region, and the transit countries through which cocaine passes.

The Andean strategy is a multifaceted approach to the complex problem of cocaine production and trafficking. Of course, the main front in this war is here at home. But as we work to diminish our own demand for and consumption of drugs, we must also work hard to reduce the international supply; otherwise, it will be more difficult to sustain effective domestic programs in law enforcement, education, prevention, and treatment.

In 1989, the administration completed a comprehensive plan to work with the three Andean governments to disrupt and destroy the growing, processing, and transportation of coca and coca products within the source countries in order to reduce the supply of cocaine entering the United States. In September 1989, the President's National Drug Control Strategy directed that a 5-year, $2.2 billion counter-narcotics effort begin in FY 1990 to augment law enforcement, military, and economic resources in Colombia, Bolivia, and Peru. After careful negotiations between the United States and each of the individual cooperating governments, implementation plans have been prepared to ensure effective use of the assistance.

The administration's $2.2 billion plan provides a cooperative approach for working with the three major Andean governments to disrupt and destroy the growing, processing, and transportation of coca and coca products within the source countries in order to reduce the supply of cocaine from these countries to the United States. Congress has authorized and appropriated funds for the first year of this plan. For FY 1990, approximately $230 million in economic, military, and law enforcement assistance is being offered to the three Andean countries for counter-narcotics-related initiatives. In 1991, we are asking for $423 million, including narcotics-related economic assistance.

Objectives

The Andean strategy has three major objectives.

First, through concerted action and bilateral assistance, it is our goal to strengthen the political will and institutional capability of the three Andean governments to enable them to confront the Andean cocaine trade. With new governments in Colombia and Peru, it will be essential for the US Government to help them address the full range of their drug-related problems.

Second, we will work with the Andean governments to increase the effectiveness of the intelligence, military, and law enforcement activities against the cocaine trade in the three source countries, particularly by providing air mobility for both military and police forces and making sure they are well equipped and trained and that they cooperate in an integrated strategy. It has become clear that the Andean countries cannot conduct effective anti-narcotics operations without the involvement of their armed forces; this is especially true where the traffickers and insurgents have joined forces, as in Peru. Specific objectives include efforts to isolate key coca growing areas, block the shipment of precursor chemicals, identify and destroy existing labs and processing centers, control key air corridors, and reduce net production of coca through aerial application of herbicides when it is effective to do so.

Our **third** goal is to inflict significant damage on the trafficking organizations which operate within the three source

countries by working with host governments to dismantle operations and elements of greatest value to the trafficking organizations. By strengthening ties between police and military units and creating major violator task forces to identify key organizations, the bilateral assistance will enable host government forces to target the leaders of the major cocaine trafficking organizations, impede the transfer of drug-generated funds, and seize their assets within the United States and in those foreign nations in which they operate. Intelligence is a critical component of this strategy. We have worked closely with the intelligence community and law enforcement agencies to focus intelligence collection on these targets. In short, we have developed a strategy that is coherent, focused, and determined.

A major tenet of this strategy is the incorporation of expanded economic assistance beginning in FY 1991 and directed toward offsetting the negative economic dislocations we know will occur. This assistance will, in turn, strengthen the political commitment of the three Andean nations to carry out an effective counter-narcotics program. US economic assistance is, in general terms, linked to counter-narcotics performance and to follow-through with economic policy reform. In harmony with the views of the three Andean governments, our direct economic assistance and other initiatives support economic alternatives for those directly involved in the cultivation of and trade in coca. Examples of such assistance include crop substitution and other economic alternative activities, drug awareness, administration of justice, balance of payments, and export promotion. The assistance reflects our conclusion, incorporated in the Declaration of Cartagena, that a comprehensive, intensified counter-narcotics strategy must include understandings regarding economic cooperation, alternative development, and encouragement of trade and investment. As vigorous host government programs against the drug trade and economic policy reform initiatives become more effective, our economic assistance will increase in the outyears (1991–94) of the Andean strategy. We are not seeking to impose law enforcement, security, or economic assistance on these countries. These are programs that require cooperation and mutual agreement. Our intensive dialogue with the Andeans is refining a common understanding of what is needed and what is possible on both sides.

Misconceptions About Militaries' Roles

Let me deal directly with concerns which have been raised regarding the role of the Andean militaries in the drug war and potential human rights abuses. There is no reason to expect that US military aid will undermine democracy or civilian rule in the Andes. On the contrary, I believe it will help to strengthen both democracy and the international struggle against illegal narcotics for the following reasons:

- US security assistance will be negotiated with and delivered through the civilian governments;
- An impoverished, poorly trained and equipped military, unable to feed its troops, is far more susceptible to corruption and human rights abuses; and
- The military is far more likely to take a constructive approach if actively engaged in the drug war as opposed to being left to criticize civilian efforts from the sidelines. The involvement of the military, as in our own country, can bring a significant resource in the war against drugs if properly coordinated and directed by civilian authorities.

I would also like to set out a number of points that address misconceptions that have grown up in recent months about the so-called militarization of the US counter-narcotics effort. Like many slogans, the use of emotionally charged and sometimes politically motivated words like "militarization" is a gross oversimplification that does not do justice to the effort either to understand or deal with the complex problems of international narcotics.

In the first place, the level of our security assistance is only a part of our total effort. Of some $129 million in counter-narcotics funds requested for Peru in FY 1991, for example, only about $40 million is for military assistance, and much of that is for maintenance support and infrastructure improvement. Nor do we contemplate large levels of US military presence in the Andes. We have never maintained such a presence, and our strategy includes as one of our tenets the determination not to Americanize the effort to work with local governments.

Second, our decision to encourage greater participation of the local militaries in the counter-narcotics efforts parallels the evolution of our own policy that projects a greater role for the Department of Defense in the war on drugs in the United States. Indeed, the militaries in the Andean states are an important component of the governments and their involvement is a sign of greater overall national commitment in dealing with the problem.

Third, while we believe the militaries of the Andean states need to play a more constructive role, we never have nor will force military assistance on these countries. Nor is the assistance we are providing of a nature to create large, new forces in the region. We are developing the specialized skills and units required to conduct or support meaningful counter-narcotics operations, not creating major combat units. We should remember the immense size of the countries we are dealing with and that the narcotics processing facilities and growing areas are spread over large areas, often in remote locations. Narcotics law enforcement units are neither equipped nor trained to address the increasingly paramilitary nature of the problem. Further, as the case of Bolivian military support for counter-narcotics operations demonstrates, military support in some cases can be an effective way to avoid duplicating a parallel military capability within police narcotics enforcement agencies.

The financial resources of the narcotics traffickers, such as those in Colombia, enable them to hire private armies and terrorists on a national and international scale. Their ability to buy manpower and equipment surpasses the police capability and, in some cases, calls into question even the military's ability to respond effectively. These capabilities permit the narco-traffickers to challenge or defy the sovereignty of local governments in a way unprecedented in our experience.

US counter-narcotics policy, therefore, should not be characterized as a "militarized" effort, but rather one that seeks to provide legitimate governments with the tools and assistance to help defend their political sovereignty.

But the problem does not end there. There is now a further complicating factor, and that is the degree to which so-called guerrilla organizations are becoming involved in narcotics trafficking, either in providing protection in return for profit or in engaging in the production and sale of coca.

The effort of the United States to help these countries deal with "narco-insurgents" has raised the specter of counter-insurgency—specifically, whether the United States should engage in supporting Andean militaries, some with past records of human rights abuses, in waging a struggle against insurgent groups which

are clearly involved in many aspects of narcotics trafficking. We cannot gloss over past abuses in some countries. We do not support these and never will. But neither should we succumb to the romantic notion of downtrodden peasant masses protesting in arms against social injustice, nor depict organizations like the *Sendero Luminoso* (Shining Path) of Peru or the FARC (*Fuerzas Armadas Revolucionarias de Colombia*—Armed Revolutionary Forces of Colombia) in Colombia as champions of human rights. Moreover, these groups are now becoming narcotics traffickers themselves, profiting from the environment of drugs and using drug monies to finance further violence.

In such groups, we are dealing with professional organizations of tight-knit cadres whose human rights abuses, indiscriminate bombings of civilian targets, use of torture, terrorism on a national scale, and barbaric brutality are plainly part of the public record in Colombia and Peru. While the US attitude toward these problems is well known, the United States has not provided significant financial assistance to any of the Andean nations to deal with these specific problems. We are focusing our effort on counter-narcotics, not on counter-insurgency, but we cannot lose sight of the fact that it is the insurgents who have become involved in narcotics and, along with the traffickers, created a militarized situation.

Let me also point out the following. At this point, we have not concluded a security assistance agreement with the government of Peru. We have done some advance planning and held discussions with officials of the government, but no programs of assistance can go forward without such an agreement. While it is our belief that the narcotics situation in the upper Huallaga Valley cannot be dealt with effectively without the involvement of the Peruvian military, this is a Peruvian government decision. And, of course, it will be a decision as to whether the counter-narcotics performance of the Peruvian institutions involved in the struggle will justify the provision of economic assistance. Our request for economic assistance for Peru in 1991 is based on the assumption of effective counter-narcotics performance.

Our counter-narcotics work in Bolivia does not create a significant military capability; it, too, focuses on improving the military's ability to support counter-narcotics efforts. This includes improvements in riverine programs by the Andean navies to interdict the flow of precursor chemicals and drugs on Bolivia's waterways.

The involvement of the Colombian military in supporting counter-narcotics law enforcement operations over the past 2 years proves the effectiveness of this approach. Recently, the Colombian military, using equipment supplied by the United States, with the police seized over 18 tons of cocaine in one transportation complex deep in the Colombian jungle.

It is basic to our policy that human rights remain under continuous review to determine whether government policies justify, reinforce, or call into doubt our continued assistance relationship. State Department human rights reports on Colombia and Peru have been candid in their criticisms and, in fact, received praise from human rights groups. We will work with the Andean militaries to eliminate human rights abuses as they increase their involvement in anti-narcotics operations. Our training, in fact, will emphasize human rights and civic action.

Involvement of US military personnel and organizations is clearly defined, limited, and subject to continuing review. The US military role is to provide support and development of host country capabilities. It will provide training and operational support, materiel, advice, and technological and maintenance support to cooperating nations' counter-narcotics organizations. Defense personnel will not participate in actual field operations.

Contrary to some media reports, the levels of counter-narcotics based economic assistance planned for in the President's Andean strategy outweigh the levels of military assistance being offered. Over the 5 years that the strategy covers, from FY 1990 to 1994, economic assistance will total over $1.1 billion, versus approximately $676 million in security assistance. Moreover, this does not include other economic assistance such as food aid and trade preferences for the Andean region.

Further Initiatives

We are, of course, living up to the economic commitments made at the Cartagena summit. We are implementing the initiatives contained in the President's November 1 Andean trade package, including working with the countries in the region to develop further initiatives:

- In February, administration officials met with representatives from the European Community, Canada, and Japan to discuss ways we can help the Andean countries improve their trade performance.
- In March, the Office of the US Trade Representative (USTR) announced that 129 products were accepted for review under the US generalized system of preferences (GSP) special Andean review. Final results of the review will be announced in July.
- We have also conducted successful technical seminars on the GSP program in Colombia, Bolivia, Peru, Ecuador, and Venezuela to help the Andean countries take full advantage of the GSP. A US team is in the Andes the week of June 18 to conduct seminars on the US textile program.
- We have scheduled a workshop in Washington for the Andean countries the week of July 9 on ways to expand US-Andean trade and investment opportunities.
- We are exploring areas of potential cooperation with the multilateral development banks and have emphasized US support for World Bank efforts in the area of trade policy reform.
- On May 8, the United States and Bolivia signed an agreement to establish the US-Bolivia Trade and Investment Council, whose objectives are to monitor trade and investment relations, identify opportunities for expanding trade and investment, and negotiate agreements where appropriate.
- We also renewed our commitment to seek a new International Coffee Agreement (ICA).
- We have offered to accelerate negotiations on tariff and nontariff measures in the international trade negotiations now going on in Geneva. Andean participants have not yet responded to our offer.

In addition to the bilateral aspects of the Andean strategy, we are also working with the international community to gain support for Andean initiatives. The strategy suggests that a consultative mechanism with other developed countries be established to encourage closer coordination of international counter-narcotics efforts. I will be travelling to Europe at the end of this month to further this goal.

We are pleased with the work of the G-7 Financial Action Task Force on money laundering; the United States hopes to expand the number of countries that embrace the action recommendations of the task force to ensure that all countries have comprehensive domestic programs against money laundering and cooperate to the maximum extent

possible in international money laundering investigations and prosecutions. Narcotics is also on the agenda of the Houston economic summit next month, and there we hope to gain greater G-7 support for precursor chemical control. As our own controls become more effective, the drug traffickers look to Europe and the surrounding countries for supply of these chemicals, and so we must bolster international efforts to limit their use to legitimate industry. Without essential chemicals, cocaine cannot be produced. We have just completed a State Department-Drug Enforcement Administration (DEA) mission to Europe to promote the control of essential and precursor chemicals. We will be conducting similar missions to Latin American countries.

In closing, I would like to take this opportunity to say that I believe that during the coming year, we and the Andean governments will have many opportunities for progress as we work together to attack all aspects of the cocaine trade. We are optimistic. The price of coca leaf is down in Peru and Bolivia. As a result, in Bolivia voluntary eradication of coca is up—this year has already surpassed last year's total—and increasing numbers of growers are moving out of the illegal industry. DEA laboratory analysis indicates that purity levels of cocaine at both the wholesale and retail levels are down and prices have increased at the wholesale level in many areas throughout the nation. Cartagena ended the argument over who is to blame for the drug crisis; we now have a consensus on the nature of the problems we face and a solidifying common front against the drug trade.

Success will not happen overnight, but we are beginning to see that our efforts are having an impact in the Andes, and on the streets of the United States. Provided we are prepared to sustain our activities and not allow our thinking to be clouded by false analogies and oversimplifications, I believe we will continue to make progress toward a goal the American people have made clear that they support. ■

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A quick reference aid on US foreign policy

gist

International Narcotics Control

Background

International cooperation to stop narcotics production and trafficking is a central element of US foreign policy. Few foreign policy concerns have as direct a domestic impact as international narcotics. Ninety-five percent of the illicit narcotics consumed in the United States comes from other countries. It is essential, therefore, to gain international cooperation to reduce drug supplies while the United States works to reduce demand at home. As Secretary Baker stated in November 1989: "[T]here is no foreign policy issue short of war or peace which has a more direct bearing on the well-being of the American people."

US Policy

In January 1990, President Bush issued a National Drug Control Strategy that calls for increased international cooperation against drug production, trafficking, and abuse. A critical part of the strategy is increased emphasis on cooperative efforts with three Andean nations (Colombia, Peru, and Bolivia) to dismantle cocaine trafficking organizations and disrupt cocaine processing and trafficking as close to the source as possible. In FY 1990, $423 million in economic, military, and law enforcement assistance is being provided to the three nations to strengthen their ability to meet these objectives. Additional economic aid will be available to these countries in FY 1991 if they use current resources effectively and establish sound economic policies. The State Department's Bureau of International Narcotics Matters, which has a budget of $150 million, provides $58 million to the Andean strategy funding. It has counternarcotics programs in South and Central America, Mexico, the Caribbean, and Southeast and Southwest Asia.

In February 1990, President Bush met with the presidents of Colombia, Peru, and Bolivia at the Andean summit in Cartagena, Colombia. The four presidents agreed to work closely in a number of critical counternarcotics areas, including the control of precursor chemicals, drug education, exchange of tax information, and a broadened role for each country's military in fighting narcotics.

In addition, the United States is undertaking cooperative efforts with concerned governments in Asia, Africa, Europe, and the Soviet Union. There is a growing consensus that the solution to the world's drug problem must be global in scope, addressing all elements of the grower-to-user chain.

National Drug Control Strategy

The President's National Drug Control Strategy calls for:

- Increased economic, military, and law enforcement assistance to Colombia, Peru, and Bolivia;
- Expanded US-Mexican cooperation in drug enforcement, "money laundering" disruption, and demand reduction programs;
- Continued US support for law enforcement programs in South American producer and transit countries, including Ecuador, Venezuela, Paraguay, Argentina, and Chile;
- Continued law enforcement and intelligence programs with Central American and Caribbean nations;
- Development of an international strategy focused on opium and heroin;
- Broadened domestic and foreign efforts to counter international money laundering activities;
- Expanded efforts to reduce the illegal manufacture and shipment of chemicals essential to illicit drug production; and
- Promotion of international law enforcement cooperation through mutual legal assistance treaties and the pursuit of anti-drug initiatives at international forums.

Role of Developed Nations

Developed nations play a key role in global efforts to fight narcotics production and trafficking. The President's drug control strategy calls on European nations, Canada, Japan, and Australia to take greater steps to help Andean, Caribbean, and Asian countries reduce drug supply and demand. An informal consultative mechanism is being established for

US Department of State
Bureau of Public Affairs
Office of Public Communication

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this purpose. Trafficking organizations are seeking new markets for cocaine and heroin. Developed nations, recognizing the threat, are beginning to respond.

Progress in International Narcotics Control

Government leaders are focusing on the international narcotics threat and on positive solutions. A recent UN special session was devoted entirely to the narcotics issue. British Prime Minister Margaret Thatcher sponsored a joint UN–UK ministerial conference on cocaine and demand reduction this spring.

Recent Colombian counternarcotics operations have resulted in the extradition of 15 narcotics traffickers and money launderers to face justice in the United States, the seizure of about 19 metric tons (MT) of cocaine at a major drug trafficking transportation complex in southern Colombia, and the confiscation of numerous properties and other assets belonging to drug "kingpins." Coca prices in Bolivia have dropped because of increased anti-drug pressure in Colombia and Bolivia, encouraging many coca farmers to switch to legitimate crops. Working with the United States, the government of Peru constructed a secure police base in the upper Huallaga Valley to house Peruvian and US enforcement personnel.

Progress has occurred in other countries as well. Mexico seized 34 MT of cocaine in 1989 and drug trafficking has diminished in and around The Bahamas. Last year, Jamaica further reduced its marijuana crop. Ecuador has been successful in eliminating coca production, and Pakistan reduced its opium crop.

Nevertheless, much remains to be done. The estimated production of illicit narcotics supplies increased in 1989. Most dramatically, Burma's opium crop doubled as the Burmese turned their attention away from narcotics control. Worldwide, coca production grew by about 10% last year. ■

Secretary Baker

Current
Policy
No. 1228

Democracy, Diplomacy, and the War Against Drugs

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

Following is the prepared address by Secretary Baker for the Forum Club, Houston, Texas, November 22, 1989.

I am especially pleased to be here in Houston to join you in celebrating the Forum Club's 10th anniversary.

As we gather with our families and friends this Thanksgiving, we Americans have much to be thankful for. In so many ways, we are reaping the harvest of our long-held values. We have planted and nurtured them at home. Through our efforts and by our example, they have taken root around the world. They are ripening even in what seemed to be the most forbidding and barren ground.

We Americans rejoiced when just 2 weeks ago the Berlin Wall was breached. We shared the excitement of the moment with the German people, just as in darker times we shared their grim determination to overcome the 1948 blockade, the 1953 crackdown, and, for 28 years, the stark presence of the wall itself.

I had an extraordinary telephone conversation with the Foreign Minister of the Federal Republic of Germany, Mr. Genscher. He called. I came on the line. His secretary said, "Just a moment, sir, and thank you for everything. God bless America. Here's the minister." This was his secretary. Then the minister came on the line, and he said, "I'm calling to simply express to you and through you to the American people our gratitude for what America has done for Germany and particularly for what America has done for Berlin."

He said as well, "This is a moving moment for our nation, but I'm calling to express our gratitude to the people of America." It almost brings tears to your eyes. It's a very moving event.

Thus, we see the postwar era nearing its end. Yet, we still live with its legacy. We will do so for many years to come. How we overcome that legacy will be a central question when President Bush meets with President Gorbachev in the Mediterranean next month. In the meantime, the peoples of the East are coming in from the cold, drawn closer to the warmth of democracy.

Faith, conviction, and personal courage are prevailing against all odds. The long, twilight struggle between East and West that President Kennedy described may be coming to an end at last. It is ending with neither a bang nor a whimper, but with the triumphant cry of the human spirit.

But there is another cry of the human spirit that must be heard. It is not the affirmation of freedom but its negation; not the uplifting of democracy but its degradation. It is the call of the drug addict, of the human souls and bodies afflicted with the scourge of despair. It is the tragedy of our daily headlines—of careers ruined, of families disrupted, of children gone astray, of lives endangered, and of lives lost.

Our most fundamental values, indeed our humanity, are at stake. To prevail in this twilight struggle against drugs will require courage and constancy of purpose, because there are no easy victories in this twilight war.

International drug trafficking is a threat to our national security. That is no exaggeration.

According to a survey taken in late September, over half of the American people named illicit drug use as the most important problem facing the country today. Illegal drug use in this country crosses the entire spectrum of our society. It affects people from all walks of life, all age groups, all backgrounds, and all levels of income. And while some regard narcotics as an urban phenomenon, this big-city problem is also a major problem for rural America.

I am sad to say that this native city of mine, where we meet today, and our state of Texas are no exceptions. Houston is one of the four major narcotics distribution centers in the country. It has a significant cocaine problem. In east Texas, the Sheriff's Office of Gregg County reports that between 1987 and 1988, there was an 80% increase in the number of crack cases. Also during that

period, robberies rose by 70%. Four years ago, crack cocaine was pretty much nonexistent in the town of Tyler, Texas. Today, Tyler has crack houses and "shooting galleries." Indeed, well over 80% of the crime in Tyler is crack related.

Drugs hit close to home—my home and that of another Houstonian, George Bush; your home and the homes of our neighbors. That is why the President and I are personally committed to the struggle against drugs. That is why I have made the narcotics issue a top foreign policy priority. I have instructed our ambassadors worldwide and the Department of State's assistant secretaries to ensure that narcotics control issues are fully integrated into our diplomatic efforts. To my mind, there is no foreign policy issue short of war or peace which has a more direct bearing on the well-being of the American people.

As I see it, the survival of democracy at home and abroad is perhaps our most fundamental national interest. And drugs are mortal enemies of democracy. Let me tell you why.

Democracy speaks to the dignity of every individual. Every person is considered a free and responsible citizen whose vote and say in public affairs is essential. An individual caught in the drug habit soon becomes a slave of that habit—no longer a free person or a responsible citizen. And in a similar way, what can happen to the individual can happen to a nation. The drug pirates and profiteers attack the central nervous system and vital organs of democracy: the administration of justice; the integrity of government; the right of free speech.

Ultimately, the illegal narcotics trade robs dignity and freedom not only from the individual but from entire nations. Malaysia was one of the first nations to declare that drug traffickers threatened its sovereignty. Pakistan, Thailand, Jamaica, and Mexico—all have come to the alarming conclusion that drug abuse is eroding their hopes for the future, and they are taking action to combat this insidious enemy.

Look at Colombia. No other nation has so bravely confronted the drug lords. No other nation can afford to be indifferent to Colombia's fate. We applaud Colombia's courageous decision to extradite traffickers and money launderers to this country. Time and again, President Virgilio Barco has put his own life on the line for his nation and for the cause of democracy everywhere.

In Colombia, the Medellin and Cali traffickers consider themselves a country and a law unto themselves. They operate just like the pariah states that export terrorism. They have bought banking systems to store their wealth and mercenaries to attack their adversaries. And who are their enemies: public figures, judges, journalists, and innocent bystanders, whom they murder in broad daylight.

It is hard for Americans to comprehend the scale of such violence and intimidation. Let me try to put it into perspective. Imagine one day that a hit squad attacks the U.S. Supreme Court and murders half of the justices. Imagine our Attorney General being assassinated by organized crime figures. And imagine a criminal organization declaring "absolute and total war" on our government after assassinating a leading presidential candidate.

This is what has happened in Colombia in one short and brutal decade: the traffickers have killed over 1,000 public officials, 12 Supreme Court justices, over two dozen journalists, and more than 200 judges and judicial personnel.

President Bush has come to Colombia's aid by authorizing $65 million in emergency military assistance. Canada, Norway, United Kingdom, Italy, Spain, and Portugal have also pledged their help to Colombia's effort.

Moreover, this Administration has proposed a bold, comprehensive strategy to address the cocaine problem in the hemisphere. We call it "the Andean strategy." This strategy is nothing less than a multiyear, $2-billion American plan to provide military, economic, and law enforcement assistance to help the Andean governments as they fight cocaine. Our primary goal is to attack and dismantle the drug trafficking organizations themselves. In short, to put them out of business. We are going directly to the source. And that is the Andes, where we will support the governments of the region in a three-part plan:

First, to isolate and disrupt coca production by interdicting air, road, and river traffic in drugs and chemicals essential to drug production;

Second, to eradicate coca when and where possible and effective; and

Third, to develop income alternatives to the illicit drug industry by strengthening the legitimate economies of Andean countries.

This is not a strategy for massive and unilateral U.S. intervention in the Andes. The Andean countries want and need our assistance. But we know we won't be effective unless we attack the demand for drugs as well as the supply. To that end, we have accepted the Andean leaders' invitation to sit down and discuss our mutual struggle at an Andean summit in February next year.

We realize that as long as American demand for drugs continues, we face an endless, uphill battle to halt supply. That is why the President decided that reducing the demand for drugs must be at the center of our antidrug policy. America's demand drives the spiraling cycles of production and trafficking, consumption, and addiction. Profits from every kilo of cocaine buy the bullets which rob Colombia of its dignity and freedom and threaten Bolivia and Peru.

I want every user of drugs in the United States to face a fact: Their actions are not just a personal indulgence. They act as paymasters to organized murderers whose victims are defenders of democracy and the rule of law. They are accessories to criminals who poison children and babies. And users by their habits also contribute to the murder of the land. Coca farmers have destroyed countless acres of forest; cocaine traffickers have dumped millions of gallons of chemicals into water supplies.

Above all, we must be honest with ourselves. There is nothing glorious or admirable or honorable in the so-called drug lords and kingpins. They are just criminals—criminals of uncommon power and uncommon brutality. No amount of laundering can wash the blood off money stained by drugs.

Narcotics has become a big business, a very big business. Recently in Los Angeles, agents seized 20 tons of warehoused cocaine. If all these kilos were stacked, one on top of the other, the pile would be a mile and a half high—half the height of Mount Whitney, the tallest mountain in the continental United

States. It was estimated that this cocaine had a street value of $6.7 billion. That exceeds the individual gross national products of well over 100 nations. And this was just one warehouse. Imagine the mountain of misery that represents.

I want to say a few more words now about the international dimension of the drug problem and what we are doing about it. Narcotics use, production, and trafficking are urgent problems not only for our hemisphere but worldwide. So we are going to be taking some important actions that will give teeth to our campaign against the illegal drug trade. The central idea behind our efforts is to attack these merchants of death from every angle—production, distribution, finance, and use. Let me give you just a few examples.

One, we are working with the Senate to promote ratification of the UN Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, and we will encourage other governments to ratify as well.

Two, over the next few years you will see an intensified effort to enlist our allies and friends in a common effort to fight drugs. We and our Summit Seven partners have established a financial action task force against money laundering. We have already launched an initiative to encourage our European allies to play a larger role in this and in other areas, such as approaching major drug countries such as Burma, Laos, and Iran—where U.S. influence is limited.

And three, we signed an agreement in Paris with the Soviets last January which permits us to share information on narcotics issues. Since then, Foreign Minister Shevardnadze and I agreed in Wyoming to expand our cooperation and, to follow through, the Attorney General has traveled to the U.S.S.R. Next week, our Assistant Secretary of State for International Narcotics Matters also will travel to the Soviet Union.

These are only a few instances of how, working together with traditional allies, friends and adversaries alike, we are beginning to attack the multinational drug empires on every front. These actions, of course, are all part of the larger strategy announced by the President and which is being coordinated by Bill Bennett [Director of the Office of National Drug Control Policy]. As Secretary of State, I pledge that we will hold to account nations that grant safehavens to drug profiteers, who actively permit the laundering of money, and who turn a blind eye to drug shipments.

When I began this speech, I called our war on drugs a twilight struggle. Our struggle against narcotics is being fought abroad in the deep jungles and mountain valleys where coca and poppies are grown. It is being fought at home in the urban jungles ruled by corruption and cruelty. It is being fought in shadowy backrooms where drug-stained money is laundered. And, above all, it is a struggle of will and of conscience—one that is fought by each of us, often in the dark recesses of the soul.

But I want to end on a brighter note. For light is being shed on this pervasive problem both at home and abroad. Now, more than ever before, we see nations all over the world working together on this global problem. From the Soviet Union to Jamaica, from Spain to Malaysia, governments, leaders, and the private sector are joining in the struggle against drugs.

Tomorrow, all across America, we will be sitting down to Thanksgiving dinner and blessing the Lord for the bounty before us. We should give thanks as well for the harvest of new freedom that has sprung up around the world. And we pray that, with hard work, our communities here at home as well as the community of all nations can rid God's good earth of the scourge of drugs. ■

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Fact Sheet

Presidential Drug Summit
Cartagena, Colombia
February 15, 1990

Presidents Virgilio Barco of Colombia, Jaime Paz Zamora of Bolivia, Alan Garcia of Peru, and George Bush of the United States met on February 15 in Cartagena, Colombia, to strengthen cooperation attacking the production, trafficking, and consumption of illicit drugs. Colombia, Bolivia, and Peru are sources of most of the world's supply of cocaine; the United States is the world's largest consumer.

The Declaration of Cartagena, signed by the four presidents, provides the framework for a comprehensive antinarcotics strategy. The declaration acknowledges that a successful program will necessarily involve economic and development cooperation and support as well as intensified actions aimed at narco-trafficking and reducing demand. The leaders also stressed the need to increase public awareness of the dangers of trafficking and use, and to undertake diplomatic initiatives aimed at building international support for drug control and economic development.

"We've committed ourselves to the first common, comprehensive international drug control strategy." — President Bush

The declaration calls for strengthened bilateral cooperation. The U.S. and Bolivia signed agreements on the control of essential chemicals, weapons exports, and on public awareness. The U.S. and Peru signed accords on the exchange of tax information and public awareness and exchanged notes on extradition. Other agreements are under negotiation.

The summit nations agreed to hold a high-level follow-up meeting within the next 6 months and called for a world antinarcotics meeting in 1990.

Declaration of Cartagena—Key Points

The four nations pledged to seek a cooperative, comprehensive strategy to the drug problem by:

- ▶ Attacking the production, transport, and consumption of illegal drugs;
- ▶ Stimulating trade, investment, economic cooperation, and alternative development in the Andean countries; and
- ▶ Increasing public awareness of the drug problem and strengthening international support for efforts aimed at curbing illicit drug traffic.

Bilateral Agreements

▶ The U.S. and Bolivia signed the:

Essential Chemicals Control Agreement to provide a basis for monitoring and controlling drug precursor-chemical movement;

Weapons Export Control Memorandum of Understanding to ensure greater cooperation toward preventing U.S. weapons exports from being acquired by narco-traffickers; and

Public Awareness Memorandum of Understanding to build public support for programs against production, trafficking, and consumption.

▶ The U.S. and Peru signed the:

Tax Information Exchange Agreement to provide for bilateral exchanges of tax-related financial information in order to track and prosecute financial gains from trafficking;

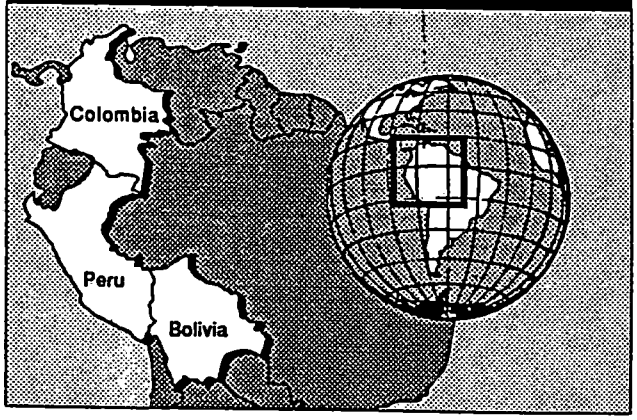
Exchange of Notes on Extradition to confirm explicitly that narcotics trafficking and related drug offenses are covered by the 1899 U.S. –Peru Extradition Treaty; and

Public Awareness Memorandum of Understanding to build public support for antinarcotics programs.

▶ The U.S. and Colombia pledged to:

- Continue efforts to reduce the flow of illicit drugs;
- Seek ways to maintain economic growth and stability;
- Work toward expanding U.S.-Colombian trade.

Participating Andean Countries



U.S. Department of State
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February 1990

FACT SHEET

U.S. ASSISTANCE PROGRAMS RELATED TO DRUG CONTROL

Narcotics assistance to the Andean countries addresses various economic and political issues which are intertwined with the problem of narcotics trafficking. The majority of funding support focuses on narcotics enforcement activities. It is widely recognized, however, that a significant reduction in narcotics flow cannot be achieved without an effective demand reduction program in the U.S.

Andean narcotics enforcement agencies are ill-equipped to deal with the magnitude of the narcotics problem in their countries. U.S. bilateral narcotics enforcement assistance programs with Colombia, Bolivia, and Peru provide for specialized enforcement training, the loan of helicopters and aircraft for use in reconnaissance and interdiction operations, expanding the physical plant of host country narcotics bases and assistance in developing communications and intelligence capabilities.

The increased assistance for Andean narcotics enforcement programs is coupled with an additional emphasis on economic assistance, in order to offset the political and economic costs of success in dismantling the cocaine trade. The U.S. also supports Andean efforts to expand public and private sector demand reduction programs.

U.S. narcotics assistance to the Andean countries in FY 90 places a particular emphasis on bringing the Andean military into the anti-narcotics battle. Military support for anti-narcotics operations in Peru and Colombia has become a vital element of enforcement operations, due to the involvement of some insurgent groups in narcotics trafficking activities.

The principal program objectives and measures are as follows:

<u>Disrupt narcotics trafficking as close to the drug source as possible</u>

- Provide the necessary equipment to host government narcotics enforcement agencies to identify and destroy coca paste, base, and cocaine laboratories and clandestine airstrips in coca-producing countries.

- Aid host governments in the development of effective domestic law enforcement capabilities in cocaine source and transit countries through training, professional exchanges, and intelligence sharing.

Prevent drugs destined for the U.S. from entering international trafficking channels

- o Support interdiction operations which attempt to cut air, land and water transportation links used by traffickers to move narcotics and precursor chemicals.

Reduce illicit crop production where feasible

- o Support host country efforts to eradicate narcotics crops through reconnaissance, agricultural research, and provision of equipment.

Provide economic support to offset the social and economic costs of successful anti-narcotics programs

- o Supply economic assistance which covers agricultural, infrastructure, education, and transportation projects for improving the standard of living for farmers engaged in illicit narcotics cultivation and processing.

- o All four countries have agreed that economic assistance can best be utilized in the context of sound economic policies.

Support the efforts of foreign governments to reduce the internal consumption of narcotics produced in their countries

- o Provide the necessary resources to allow governments to sensitize opinion leaders and the general public to the health and national security dangers of drug production, trafficking and abuse.

Attachment: Funding Chart - U.S. Counternarcotics Assistance to the Andes

U.S. COUNTERNARCOTICS ASSISTANCE TO THE ANDES
(in millions of dollars)

	FY 1990 ESTIMATE				FY 1991 ESTIMATE			
	Military	Economic	Bilateral Law Enforcement	TOTAL	Military	Economic	Bilateral Law Enforcement	TOTAL
Colombia	40.3	0.0	20.0	60.3	60.5	50.0	20.0	130.5
Peru	36.4	3.1	19.0	58.5	39.9	63.1	19.0	122.0
Bolivia	33.7	30.8	15.7	80.2	40.9	95.8	15.7	152.4
Total Andean Strategy	110.4	33.9	54.7	199.0	141.3	208.9	54.7	404.9

Latin America at the Threshold of a New Century

Statement by Sally Grooms Cowal
Deputy Assistant Secretary of State for Inter-American Affairs
United States of America

Ministerial Session
Economic Commission for Latin America and the Caribbean
Caracas, May 9-11, 1990

Mr. President, heads of delegation, ladies and gentlemen:

It is a privilege and an honor to address the Ministerial Session of the 23rd meeting of the Economic Commission for Latin America and the Caribbean.

As ECLAC embarks on its fifth decade, profound change is taking place in Latin America. At this very moment, the Latin American and Caribbean countries are undertaking an historic transition toward democracy and the establishment of economies based on principles of the market place and competition.

Economic stagnation, unemployment, widening spreads in income distribution at the expense of the poor, and staggering inflation rates are the legacies of the discredited statist, inward-looking policies followed in the past. Rather than focus on the past, however, as we look to 1992, the next ECLAC meeting and the beginning of the sixth century of the New World, let us dare to look to the future. We stand at the threshold of a new century; fresh promise and possibility abound.

For the first time in history, the two continents of our Hemisphere are developing a shared economic vision. For centuries, the notion of the New World as the world of liberty has been a common and unifying theme for the Hemisphere. Now, more and more, we find a common understanding of the importance of the individual being able to make economic choices, as well as political ones. The authoritarian state has long been discredited in political thought; its economic parallel, the command economy, has likewise suffered a philosophical demise. Leading theoreticians throughout Latin America, as well as practical businesspeople and government officals, increasingly recognize the market as the mechanism through which the individual's economic choices are most effectively turned into reality. This is a revolution as profound as that of the ballot box.

These internal changes in Latin America have profoundly changed the U.S. relationship with the region. Leaders elected to office have the legitimacy and self-confidence to deal with their neighbors within the Hemisphere and elsewhere in the world as political equals. And countries which have freely committed themselves to a profound restructuring of their economic and social systems experience a justifiable sense of pride and self-reliance. We are therefore moving toward a relationship which for the first time in history is a natural and easy partnership. Theories of Latin America's economic dependency and marginalization -- so fashionable in the 1970s -- have been made irrelevant by the people of Latin America themselves deciding to take control over their history and responsibility for their future.

We have long talked of partnership in the Americas. I believe we can give that term a new and concrete economic meaning as we enter the new century. As our economies grow and change, and as technology shrinks the distances between us, the economic barriers which separate us become ever less relevant. We are all more and more part of a world economy in which goods, services, know-how, ideas from all parts of the globe are combined to serve a universal market. To grow, and to prosper, each of our nations will have to become increasingly open to that world economy, and to accept the notion of the globe as a single enterprise in which each nation plays a significant and interdependent role.

The next decade -- and the century beyond that -- will present us all with major challenges. Economic development means change, profound change, fundamental change. And history shows us that the rate of change is accelerating. To meet the ever more rapid changes that will occur in the next ten years, the economies of the region will need to be more flexible, efficient, and outward-looking. We need to encourage and cement in place the structures which have begun to emerge, for the world of the 21st Century will bring the most rapid and voracious change we have ever seen. Even more than in the past, the winners in the global competition will be those who have undertaken reform as a continuing process.

This is a formidable, perhaps even a forbidding challenge. At the same time, I am convinced that the necessary assets to meet the challenges of the 1990s already exist in Latin America and the Caribbean. The continent has the means to effect its own economic transformation.

- The region has always been rich in natural resources. A land that for so long only supported one-crop cultures of sugar and coffee and not much else has turned to new and varied crops such as winter vegetables, cutflowers, soybeans, and citrus fruit, and to new industries of satellites and supertankers.

- It is generally accepted that Latin American financial resources -- much of it flight capital in foreign banks -- are sufficient to pay off the region's external debt. This capital will return -- not in response to rhetoric, but when investment climates are healthy.

- The labor force in Latin America and the Caribbean is already urbanized, largely literate, mobile, and increasingly organized.

- And everywhere, there exist the energy and imagination which are the seeds of a dynamic, risk-taking private sector. Even in Nicaragua, which has suffered the ravages of a decade of civil war, there remain elements of an entrepreneurial private sector upon which to build. Increasingly, studies of the informal sector throughout Latin America show that the spirit of enterprise is strong, even under extraordinarily adverse conditions of poverty and stifling over-regulation.

These are indeed impressive assets. And we must add to that some impressive evidence of a growing will to undertake fundamental economic reform.

We now know, both from experience as well as economic theory, that growth and development flow from policies which inspire the confidence of investors and lenders, domestic and foreign. It is widely recognized that private initiative, and private savings and investment, are absolutely necessary.

In fact, in recent years, many Latin American countries have begun to move away from excessive government control, market intervention, and import substitution strategies of the 1960s and 1970s. They have moved toward more market-determined exchange rates, increased export orientation and better macroeconomic management. Many of these policies have been outlined by delegations present, who have provided vivid examples of change.

These examples are heartening signs of major progress. But the process is not complete. Governments in the region must continue to move forward to complete the reform process. They must commit themselves to the task of building a lasting political consensus which supports the notion that a prosperous future can only be built on a bedrock of sound economic polices and open trade and investment regimes. Even with sound policies in place, it takes time to build credibility, and to restore the confidence of potential investors, whether large or small.

We all know, of course, that implementation of economic policy reforms, while long overdue and absolutely necessary, is not painless. Change, even if ultimately beneficial, often brings with it temporary disruption and insecurity. Perhaps most importantly these policy reforms imply a fundamental change in the way people perceive their relationship with the state -- which has been an important point of discussion at these meetings.

These reforms demand a change in basic attitudes whereby individual enterprise is encouraged, and the state seeks to promote a stable economic environment that rewards initiative and provides proper incentives to work, save and invest. Under this philosophy, government provides a stable fiscal, monetary, and legal environment and then lets markets operate freely to determine the most efficient allocation of resources. Equity and social justice come not from the state assuring each citizen an appropriate livelihood or stable employment, but rather by providing basic investments in human capital (education and health) and establishing a fair and open framework within which citizens can exercise their economic choices.

This is a profound change in human psychology. It places the individual at the center of economic life, just as democracy places him at the center of political life. And as such it will release a new wave of entrepreneurial energy and economic dynamism. If the right economic institutions and incentives are in place and have proven their reliability, we know that people -- even the poorest -- will work and save and invest as a way of assuring themselves and their children a better future.

Crucial to the success of this system is equality of opportunity. This means a whole host of difficult but indispensable structural changes -- changes which I increasingly see in Latin America. It means, for example:

--Appropriate social investment, such as access of the poor to basic education and health;

--Dismantling the maze of regulation which keeps the informal sector out of the economic mainstream; and

--Realistic pricing of capital so as to encourage more labor-intensive industry -- and more jobs.

This economic philosophy also implies a fundamental change in how people look at external factors. No country is an economic island. What happens in the world economy inevitably changes what happens internally, even in large countries such as the U.S. But neither are countries merely passive victims of external circumstances. We have seen that wise economic management can make a major difference, even in the face of major international economic dislocations, and even for relatively small and less developed countries. I see a very healthy new sense of self-reliance in Latin America, a new appreciation of each country's ability to make its own way.

There may be some who are still inclined to blame economic problems on external factors like debt. Debt, of course, remains a problem. It is, however, more a symptom of a greater problem. As President Carlos Andres Perez has said: "If debt disappears and we continue managing our economies as in the past, inevitably we would continue in the same situation of unemployment and disaster."

Let me turn now to two major issues in the external economic environment faced by the region: debt and trade. In both these areas, I believe, we have made some important progress.

Notable progress has been made in the past ten months in implementing the strengthened international debt strategy which was reaffirmed at the World Bank/IMF spring meetings this week in Washington. Just yesterday, a 50 percent increase in IMF resources was approved by IMF officials and is likely to be approved soon by IMF members.

My country has been at the forefront of advocating the need to reduce debt and debt servicing for countries which are themselves active participants in economic reform. Named for Treasury Secretary Nicholas Brady, the so-called Brady initiative is really a set of proposals which can be flexibly applied. You are all aware of the key elements of this important initiative.

Recently, Venezuela and its creditor banks reached an agreement in principle on a comprehensive financing package which included both a significant new money feature as well as several debt and debt service reduction options. With this package, four countries in the region -- Mexico, Costa Rica, Chile, and Venezuela -- plus the Philippines have now taken advantage of the Brady initiative.

In the trade area as well, there is considerable basis for optimism. The United States and other industrial democracies have achieved stable growth in their domestic economies and have promoted the continued expansion of world trade. This has contributed to enhanced export opportunities for Latin America and the Caribbean.

In 1989, GDP in most of the G-7 grew in the range of 3 to 4 percent, which continues the strong trend of the past several years. Inflation has been kept in check at around the five-percent level in these countries. Further reductions have been achieved in many of the largest trade and current account imbalances.

The U.S. economy has continued its record peacetime expansion for the seventh straight year. Real GNP increased by almost three percent in 1989 and is forecast to rise by about two and a half percent in 1990 and by more than three percent in 1991. U.S. inflation in 1989 was 4.4 percent. Reduction of the federal budget deficit continues, and we remain committed to making substantial progress.

Despite many complaints and perceptions to the contrary, the U.S. market is remarkably open. Our tariffs, for example, average less than five percent. We take close to half of what Latin America exports world-wide.

But our policy is to go further, and to seek even greater openness; to create an ever-expanding global trading system based on clear and enforceable rules. President Bush has designed, and we are vigorously executing, a three-pronged strategy to achieve these objectives:

--First, we are committed to conclude successfully the Uruguay Round of trade talks by the December 1990 deadline.

--Second, in a manner that is entirely consistent with our Uruguay Round aims, we will pursue bilateral and regional market-opening intiatives.

--Finally, we will use the strength of our domestic market to further our objectives in the Round.

With respect to agricultural trade, the United States tabled the first comprehensive proposal on reform in this area. The U.S. proposal would allow farmers to grow what they want, when they want, and earn a decent income without government interference. Latin American and Caribbean countries would benefit considerably from our proposal.

On market access, the United States has challenged its trading partners to envision a future "tariff-free" world. We are ready now to work aggressively with others to achieve this in key sectors of the Uruguay Round.

Our new proposal on textiles would bring this sector within GATT discipline in a reasonable period of time. But we are not prepared unilaterally to liberalize our market. Other countries must participate.

In the new areas of services, investment, and intellectual property, we all have a major stake in creating rules of international fair play. Services are an increasingly important sector in all our economies, whether construction services, financial services, or computer software services. And, while services are important in themselves, agriculture and manufacturing would grind to a halt without them.

While seeking global trade liberalization, we are also committed to programs which recognize the special needs of developing countries. The Generalized System of Preferences (GSP) provides duty-free access on a wide range of products imported from developing countries. Further, the Caribbean Basin Initiative gives the small and particularly vulnerable countries of Central America and the Caribbean improved U.S. trade opportunities, which have helped create many new jobs in those countries that have adopted sound economic policies.

To sum up, we see tangible near-term opportunities for a major liberalization of world trade. Latin America can play an increasingly important role in this new trading system. More Latin American countries are becoming members of GATT, more governments are committed to full participation in world trade, more countries are dedicated to an economic model which would make them dynamic actors in this new system.

And yet, today some in Latin America and the Caribbean are questioning the place of the Americas on the world scene. There is concern about marginalization: being left out and left behind by change. Will they measure up, for example, to the challenge of Europe '92? There should be no reason to worry so long as the pace of economic reform continues unabated. European integration presents Latin America and the Caribbean

region with challenges and opportunities in terms of market access. Indeed, the EC single market, the most visible aspect of the integration process, may serve as a model for parts of the Latin American region.

Similarly, there is concern that the attention of governments as well as international business is shifting away from traditional economic interests in Latin America toward the new trading and investment opportunities opening up in Eastern Europe. Here again, the issue is how Latin American governments and entrepreneurs will respond to the new challenge. If Latin America continues and deepens its commitments to market-oriented policies and to international competitiveness, then the new Eastern Europe will not be a threat but an opportunity, providing a new market for Latin goods and services.

This is a time of great promise, but also -- let's face it -- of some confusion. There is a new consensus on the broad principles of development strategy, but governments have to translate these principles into specific, practical, cost-effective programs.

As more countries in the region implement reforms aimed at promoting greater private sector involvement in development; at building strong, responsive capital markets; at legitimizing the informal sector, and at stimulating more competition in both the public and the private sector, ECLAC can serve as an important advisor, helping to sort out what works best, disseminating successful experiences, and extracting useful lessons from not-so-successful ones. Working closely with member states and drawing from their real-life experience, ECLAC can recommend comprehensive domestic economic policies, with the aim of generating domestic investment and attracting foreign equity and voluntary lending.

Another important function for ECLAC is to tell the world the exciting story of change in Latin America and the Caribbean. The democratic revolution which the region has experienced is well known and justly well appreciated. But the parallel economic revolution, the seminal changes in economic philosophy which now underlie most governments' policies, this is less well known and less well understood.

There is also a certain amount of doubt on the part of many business leaders -- understandable perhaps -- that this new economic philosophy will take hold and prove durable enough to to withstand political pressures. ECLAC thus has an important role in disseminating the track record of Latin American economic performance, in demonstrating the credibility of the new economic model. We need to aggressively market the attractiveness of Latin American and Caribbean countries as trading partners and as offering investment possibilities.

If the domestic and external challenges and opportunities are faced with perseverance, we can look forward to the 1990s as a new beginning. With commitment to the exercise of both economic and political freedoms, the new decade can be one of renewed prosperity in our hemisphere and full participation of Latin America and the Caribbean in the global economy.

In closing, I would like to repeat what World Bank President Barber Conable recently said about economic progress and prospects in Latin America and the Caribbean:

> There are those who see only problems and crises in Latin America. I see instead a region blessed with abundant natural resources, and populated by peoples of energy, imagination and courage. I see a region where, since World War II, remarkable economic and social changes have taken place; where average income has more than doubled, and where average life expectancy has risen by one-quarter. I see a region where, even in a time of severe economic stress and painful but necessary reform, the transition to democracy has been successful.

I share this vision. In the turmoil of great change, it is easy to see only the strife and the confusion. But we need to remember where we are going and what we have already achieved. The United States and Latin America have a long history of mutual endeavor and mutual support. Today, we have a renewed partnership, based on a newly shared economic vision of open societies and open economies. With our traditions of friendship and mutual support, and with a new guiding vision, we can move into the new decade with confidence and hope.

Thank you.

Luigi R. Einaudi

Current
Policy
No. 1279

The United States and the OAS

United States Department of State
Bureau of Public Affairs
Washington, DC

Following is a statement by Luigi R. Einaudi, US Permanent Representative to the Organization of American States, before the Subcommittee on Western Hemisphere Affairs and the Subcommittee on Human Rights and International Organizations of the House Foreign Affairs Committee, Washington, DC, May 1, 1990.

Potential and Uncertainty

Speaking last November to an Organization of American States (OAS) General Assembly filled with representatives of the elected governments of Latin America and the Caribbean, Secretary Baker said that he and President Bush believe that we and they "have it in our power to create, here in the Americas, the world's first completely democratic hemisphere—a hemisphere, as the charter of the OAS envisions, where human rights are respected and the rule of law prevails, where all nations live in peace and none lives in fear of aggression."

This is not a utopian vision. The bitter troubles of Central America are not over, but there is clearly movement toward conflict resolution on a basis of democracy and national reconciliation. In the Caribbean, Haiti has fresh hope for democracy; only [Fidel] Castro's Cuba remains stubbornly resistant to the winds of freedom. In South America, Brazil and Chile this year completed democratic transitions with new presidents elected directly by the people. In January, Canada joined the OAS as a full member. This June, the annual OAS General Assembly will meet in Paraguay, whose government is a symbol of political and generational change.

Uncertainties abound, however. The hemisphere has largely rid itself of dictatorships, but even elected leaders still face ominous clouds of poverty and frustrated development. The momentous changes sweeping Eastern Europe are altering the structure of international politics as we have known it since the end of World War II, but the nature of the new order remains unclear. Where will the Americas fit? Many observers are pessimistic, both about Latin America after a decade of lost growth and about the outside world's continuing interest in the region's development.

Finally, [Western Hemisphere Affairs Subcommittee] Chairman [George W.] Crockett last July noted one problem central to this hearing. The OAS is financially broke, its relevance undermined by a generation of misuse and disuse by member governments.

This year marks the centennial of the first International Conference of American States (1889–90) in Washington, presided over by US Secretary of State James Blaine. The International Union of American Republics, staffed by the Commercial Bureau of the American Republics, became the Pan American Union in 1910. The modern Organization of American States is based on the 1947 Inter-American Treaty of Reciprocal Assistance (the "Rio Treaty") and the Organic Pact adopted in 1948 in Bogota and most recently updated at Cartagena in 1985.

Today, the OAS has 32 members. Its activities are consistent with Article 52 of the United Nations Charter, which recognizes "regional arrangements or agencies for dealing with such matters relating to the maintenance of international peace and security as are appropriate for regional action."

A Renewal Has Begun

Few observers thought a year ago that the OAS would be deeply involved in such weighty matters as Nicaraguan elections, [Manuel] Noriega, or effective peacekeeping and antidrug activities. Take just four examples:

• On April 18, 1990, the Sandinista government of Nicaragua and the Nicaraguan Resistance agreed to a cease-fire with the full participation and support of the incoming Chamorro government and witnessed by Cardinal Miguel Obando y Bravo. The cease-fire was negotiated and signed in the OAS offices in Managua.

The cease-fire calls for UN forces (the UN Observor Group in Central America—ONUCA—with Venezuela in a key role) to collect weapons. Meanwhile, OAS teams are to provide humanitarian assistance to the demobilizing resistance forces.

Earlier, OAS election observers were decisive in ensuring the freedom of the February 25 elections. Two Members of the US House of Representatives Subcommittee on Western Hemisphere Affairs, Representatives Porter Goss and Harry Johnston, were among the 434 international observers and experts mobilized by the OAS to create the climate of confidence that enabled the will of the Nicaraguan people to be respected.

• Last February, the summit between President Bush and the Presidents of Colombia, Bolivia, and Peru marked a powerful new antidrug consensus.

On April 17–20, 1990, Attorneys General and Ministers of Justice from throughout the hemisphere gave concrete impetus to the war on drugs. They agreed to complete ratification of the 1988 UN antinarcotics treaty by year's end. They approved specific legislation controlling essential and precursor chemicals and machines used in the manufacture of cocaine and urged individual countries to adopt it as soon as possible. And they established an experts group to develop model common legislation against money laundering and illegal assets.

The meeting was organized by the OAS Drug Abuse Control Commission (CICAD), which had earlier negotiated the model legislation on chemicals and will now develop the legislation on money laundering.

• On November 9, 1989, just as public attention focused on the opening of the Berlin Wall, the Inter-American Commission on Human Rights (IACHR) issued a devastating *Report on the Situation of Human Rights in Panama.* The OAS report systematically documented the Noriega regime's abuses of human rights after it suspended rights established in the Panamanian constitution on June 10, 1987. The IACHR'S conclusion: The puppet government installed by Noriega on September 1, 1989, was "devoid of constitutional legitimacy."

• On October 6, 1989, a citizen of Trinidad and Tobago died in a shooting incident between a Trinidad and Tobago fishing trawler and a patrol boat of the Venezuelan national guard. At the request of the two governments, OAS Secretary General Joao Clemente Baena Soares appointed three experts, two from the OAS Secretariat and one from the Royal Canadian Mounted Police, to undertake an impartial investigation. By January, the recommendations of the OAS team had led to the conflict's resolution to the satisfaction of all concerned.

Trinidad and Tobago's minister of external affairs wrote that the OAS had again demonstrated its value as "the ideal forum of the Americas for the peaceful resolution of conflicts."

US Policy and the OAS

From the start of his Administration, President Bush and his Secretary of State have articulated a new emphasis on multilateral diplomacy.

On March 30, 1989, having just concluded a bipartisan accord between the executive [branch] and the leaders of the United States Congress, Secretary of State Baker told a distinguished assemblage of democratic leaders from Latin America and the Caribbean that "we need each other now as we have never before.... If we are together engaged in a joint venture north and south to advance and defend democracy, then we must each do our part—collectively where possible—to create new mechanisms and strengthen existing ones to defend human rights, to guarantee the integrity of elections, and to establish sanctions against those who threaten democratically elected governments through violence or through coups."

"If you ask the United States," the Secretary said to his fellow members of the OAS, "to forego unilateral initiatives and to work, instead, in good faith with the democratic nations of Latin America in a new cooperative diplomacy to support democracy, then we ask you to join us in good faith to turn the promise of that diplomacy into a reality throughout this hemisphere."

On March 22, 1990, Assistant Secretary of State Bernard Aronson told the Committee on Appropriations of the House of Representatives that the United States perceived four tasks in its relations with Latin America and the Caribbean: "Consolidating and building on democratic gains, advancing economic development, promoting peace, and ridding our region of the scourge of drugs."

The OAS is contributing in all four areas. But the OAS also serves as a critical "environmental" factor. A climate of effective regional communication can only start with a clear statement of national interests. The precedent was established at the United Nations by Senator Moynihan and Ambassador Kirkpatrick. [Daniel Patrick Moynihan and Jeane Jordan Kirkpatrick, former US Permanent Representatives to the United Nations.] Silence is often not golden. There are cases to make, interests to defend. Words count. Resolutions matter.

By making clear our interests, we make them understood and position ourselves to seek as much common ground as possible with others to advance them. The OAS is an association of sovereign states. No matter what extraordinary changes are wrought in the world, this will still be a hemisphere of nation states. The OAS makes possible consultations and harmonization of interests

and instruments among the countries of this hemisphere on a basis of respect for sovereignty.

The OAS Fumble on Panama

On December 20, 1989, US military forces went into action to defend US citizens in Panama. The action was a sharp reminder that multilateralism does not always work. The OAS, to which the United States and other countries had turned after the brutal annulment of the May 7, 1989, elections, failed. Its actions did not begin to match the agony of the Panamanian people, their initial faith in the OAS, or the hopes of the international community.

A mission of foreign ministers expended much effort but was unable to negotiate Noriega's departure from power. The result left the people of Panama—and the US citizens fulfilling treaty obligations to operate and defend the Panama Canal—subject to abuse and, for some, death at the hands of the Noriega dictatorship. Disguised initially by appeals to the doctrine of nonintervention, this failure of diplomacy became evident to all when the United States was ultimately forced to military action.

The Noriega case did show that the OAS could be used by member governments to communicate their concerns to a broader public. On August 31, 1989, the eve of the September 1 deadline established in the Panamanian constitution and recognized by the OAS meeting of foreign ministers for the transfer of power, the United States called for a special session of the Permanent Council. Acting Secretary [of State] Lawrence Eagleburger delivered a powerful, detailed statement, "The Case Against Panama's Noriega." The US Mission distributed facsimiles of the Florida indictments and copies of Noriega bank records in Europe. Together with the damning OAS human rights report, these OAS activities led to the isolation of Noriega's Panama and the withdrawal of ambassadors from Panama by many OAS members.

Even so, OAS inaction was deeply disappointing. Part of the problem was Noriega's obduracy, part of it the unwillingness of OAS member governments to make the admittedly tough decisions involved. The lowest-common-denominator approach that ensued made clear the hemisphere's distaste for Noriega and his brand of government, but failed to provide any visible consequences for his defiance of hemispheric opinion.

Our prolonged and patient effort to deal with the crisis in the OAS helped mitigate adverse reaction to the use of military force when it was finally required to defend the lives of US citizens. The OAS resolution of December 23 criticized the US action unequivocally, but "deeply regretted" rather than condemned. Conscious that responsibilities were shared, Venezuela and five other Caribbean Basin nations abstained.

The OAS Recovery on Nicaragua

OAS election monitoring in Nicaragua contributed decisively to the fair outcome of the February 25 elections. The presence of observers from the UN and the OAS as well as those organized by [former] President [Jimmy] Carter, the Center for Democracy, and other activist groups, permitted the voters to express their will without fear and made it impossible for the results to be ignored.

The OAS observation system was both the largest and the most pervasive of the various international efforts. It was supervised personally by Secretary General Baena Soares, who did not delegate his authority, but instead traveled repeatedly to Nicaragua to keep in touch with the many leaders involved.

The OAS established offices in all nine electoral Nicaraguan districts. This basic OAS infrastructure provided communications, housing, transport, data handling capabilities, and a parallel voting tabulation system nationwide. Beginning in August, 1989, personnel from the OAS Secretariat in Washington took turns in staffing the offices in Nicaragua.

Secretary General Baena Soares informed the Permanent Council that the success of the program was due to the trust extended it by the people of Nicaragua, to the high standards of the technical infrastructure the OAS put in place with support from the Pan American Health Organization (PAHO) and the Inter-American Institute for Cooperation on Agriculture (IICA), and to the support of OAS member states who provided observers, technical experts, and advisers.

The United States contributed key financing ($3.5 million) and technical advice. (Danny McDonald of the Federal Elections Commission was among the Secretary General's personal advisors, along with election tribunal members from Brazil, Costa Rica, and Venezuela). Last but not least, as noted earlier, Members of Congress joined legislators from other hemisphere countries as observers.

In response to requests from both incoming President [Violeta] Chamorro and outgoing President [Daniel] Ortega, Secretary General Baena Soares kept OAS observers in Nicaragua after the election. Meanwhile, he and UN Secretary General [Javier] Perez de Cuellar negotiated terms of reference for the joint Verification and Support Commission (CIAV) called for by the Central American presidents to verify compliance with the Tela and subsequent agreements. To assist with the voluntary demobilization, repatriation, and resettlement of the Nicaraguan Resistance, OAS–CIAV assumed responsibility for Nicaragua, UN–CIAV for Honduras and Costa Rica.

Participation in electoral observation and in the post-election transition subjected OAS staff members to numerous hardships, particularly in rural areas, but their common reaction was that in the wake of the demoralizing 30% reduction in force of early 1989, no better way could have been found to remind themselves and others of the fundamental mission of the OAS.

Human Rights

The independent OAS IACHR is the conscience of the hemisphere. OAS involvement in human rights is based upon the 1948 American Declaration of the Rights and Duties of Man and

the 1969 American Convention on Human Rights. The IACHR and the Inter-American Court on Human Rights (CIDH) give the OAS an active and at times forceful role in promoting and protecting human rights. Through both persuasion and published reports on human rights infringements, the commission has been instrumental in improving member government practices. On occasion it has directly helped resolve conflict situations.

Members of the IACHR are elected in their own right, not as representatives of governments. The autonomy of the commission is further enhanced by its prerogative to initiate human rights investigations without the approval of the Secretary General or the Permanent Council. A US citizen, John Stevenson, is currently one of seven commissioners; another US citizen is acting executive secretary.

The IACHR prepares an annual report with chapters on countries with human rights problems in general and on individual cases, as well as special reports. In its last 14 years, the commission has effectively challenged abuses in Panama, Nicaragua, Cuba, Chile, El Salvador, Guatemala, Suriname, Haiti, and Paraguay, among others. The 1989 special report on Panama was an important factor in galvanizing international public opinion against the Noriega regime. The IACHR also played a key role in the release of thousands of political prisoners in Nicaragua.

On February 23, 1990, the OAS Permanent Council adopted a resolution mandating an in situ visit on the human rights situation in Haiti. The IACHR visited Haiti April 16–20; its report will be part of a broad OAS and UN effort to support elections by the new Haitian government.

Other Key Activities

Drugs. The OAS Inter-American Drug Abuse Control Commission (CICAD) was established in 1986, first met in April 1987, and began its first activities in 1988. Under the leadership of Irving Tragen, an American citizen, the CICAD has overcome the stereotypes associated with labels such as "producing, transit, and consuming" countries and galvanized measures such as those agreed upon at Ixtapa, Mexico, last month.

CICAD's programs focus on regional approaches to legal development, public awareness, and prevention. One project seeks to mobilize private sector support for antinarcotics programs, another to enlist schools in preventing drug abuse, yet another to strengthen national and international law on seizure of traffickers' assets and control of precursor chemicals. In addition to support via the OAS budget, the United States has made several special grants. The Inter-American Development Bank (IDB), the European Community, and the Italian, Japanese, and Canadian governments are currently considering grants to CICAD.

Technical assistance. Responding to a major demand of less developed members, OAS programs train over 2,000 specialists annually (91,000 since its inception), primarily in the US but also at 23 inter-American centers. The United States continues to be the major contributor, but Argentina, Brazil, Mexico, and Venezuela have joined the United States as net donors. OAS feasibility studies for large-scale projects in regional development, environment, and education are endorsed and funded by the IDB. Wider recognition of OAS effectiveness has attracted contributions from nonmembers, including Spain, Italy, Holland, Israel, and France, anxious to take advantage of the favorable cost-benefit ratio achieved by the OAS. The OAS manages a major program of feasibility studies on modernizing telecommunications throughout Latin America and the Caribbean. The US private sector has also joined in. An International Business Machines (IBM) contribution of $1,500,000 (not including in kind contributions) has helped the OAS put together a highly sophisticated trade information program now at work facilitating an expansion of north-south trade.

Program development. The foregoing discussion illustrates the OAS's capacity to adjust priorities and institutional structure to meet changing demands and requirements. What is new is the Secretary General's success in mobilizing the other inter-American specialized organizations—PAHO and IICA—in joint efforts such as election monitoring in Nicaragua. The OAS, PAHO, and IICA are continuing their close cooperation with CIAV. OAS experts experienced in Nicaraguan conditions have prepared detailed projects for recovery in education, job training, health services, and agriculture.

Specialized organizations. The OAS directly supports:

- The Inter-American Defense Board (IADB), created during World War II to plan and coordinate collective hemispheric defense. It advises the OAS on defense matters, and has coordinated peacekeeping operations.

- The Inter-American Defense College (IADC) is supervised by and funded by the IADB. It strengthens military professionalism and augments US international military training programs. The college annually trains about 60 field grade officers, many of whom reach leadership positions in their respective services.

- The Inter-American Children's Institute (IACI) is concerned with problems of mothers, adolescents and families, including the growing number of "street children."

- The Inter-American Commission of Women (CIM) is concerned with women's rights and their integration into development and decision-making processes. CIM research and seminars have focused on women and politics (1988), women and employment (1989), and violence against women (1990).

Other organizations associated with the OAS are financed outside the OAS budget:

- The PAHO, with resources of $67 million (1988), has contributed significantly to protecting the United

States from communicable diseases and promoting improved sanitation and health conditions throughout the hemisphere.

• The IICA, with resources of $34 million (1989), has worked closely with the US Department of Agriculture in preventing threatening animal and plant diseases from entering the United States and in helping members develop food production.

• The Pan American Institute for Geography and History (PAIGH) has major geodetic and cartographic programs of its own and facilitates cooperative relationships between US agencies (such as the Defense Mapping Agency and the National Ocean Service of the National Oceanic and Atmospheric Administration) and other countries in such vital areas as safety of flight.

• The Inter-American Indian Institute (IAII) has been helpful in providing the US Department of Interior's Bureau of Indian Affairs with a vehicle for cooperation with other Latin American countries with major Indian populations.

Finally, one organization created and supported by the OAS receives financial support largely from US corporations and other private sources. The Pan American Development Foundation (PADF) is a Section 201(c)(3) entity with a subsidy from the OAS and some US Agency for International Development (AID) funds; corporate donors provide over one-half of its resources. It has channeled over $100 million from the private sector into development projects which mobilize private sector support in recipient countries.

The OAS and its specialized organizations frequently carry out programs for other organizations, such as the UN Development Program (UNDP), the UN Environment Program (UNEP), and the World Bank, on a contract basis. The OAS has received some $6 million annually in recent years for these purposes. External entities recognize the value of OAS management of technical assistance and its effectiveness.

The Financial Crisis Is Acute

A remarkable aspect of the enhanced role of the OAS in the past several months is that it took place despite serious underfunding. The US paid only $18 million of its 1989 assessed quota payment of $40 million to the OAS. (The US assessment for the OAS is 66%; the United States accounts for 85% of the total GNP of all OAS members.)

This caused a severe cash flow crisis which the OAS met by a 30% personnel cut in January 1989, combined with one-time reductions in program activities. From November 1988 to March 1989, 293 employees either resigned voluntarily (205), were on fixed-termed contracts allowed to lapse (76), or retired (12). The cuts, worked out in close cooperation with member states including the United States, fell roughly proportionately on nationals of all member countries. Total OAS personnel in 1974 numbered 1,577; by the end of 1989, the number was 654—a 55% reduction in 15 years. At present, the United States provides 14% of the entire OAS staff and 20% of its professionals—easily the largest national group among OAS personnel.

Despite these draconian cutbacks, arrearages and the consequent lack of reserves severely limit flexibility and threaten to undermine the work of the OAS on almost every front. For example, the $1.5 million the OAS has received for its work facilitating the peaceful demobilization and reintegration of the Nicaraguan Resistance will run out later this month.

Just last week, Assistant Secretary of State John R. Bolton told the House Subcommittee on International Organizations that "we must reestablish America's image as a credible, reliable participant in international organizations. To do so we must fully meet our financial obligations when they are due."

The Administration is asking the Congress for full funding of our FY 1991 quota assessment to the OAS as well as $38 million for arrears, which, if appropriated, would be paid in equal installments of 20% a year for 5 years. This would fulfill the Administration's determination to use multilateral diplomacy, where feasible and appropriate, to resolve regional problems and to engage our neighbors on topics of hemispheric concern.

Other countries are showing their commitment to the OAS. Argentina, Ecuador, Mexico, Paraguay, and Venezuela are all hosting important meetings this year. In September 1989, Argentina paid most of its $12 million arrears. This year, Canada's accession to the OAS in January was testimony to the benefits of membership and will further enhance effectiveness.

The Second Century

Imagine the number of vital issues, from drugs to economic development, from mutual security to the environment, on which progress would be more rapid if we succeed in building on a democratic foundation where the rights of individuals and of governments are not in conflict.

As the OAS enters its second century, one of its enormous strengths is that its membership is overwhelmingly made up of states that organize themselves in ways that are democratic. The test of membership is becoming democracy as well as geography. This is a stark contrast to the situation just a generation ago. Moreover, the flexibility of democracy is a strength that is vital to today's rapidly changing world. This hemisphere has come a long way in the evolution toward democracy and in the suffering that any evolution requires. Compare the odysseys of Argentina, Brazil, Chile, or Nicaragua in the past decade to those of the countries of Eastern Europe now beginning to face the problems of attempting to construct a democratic polity.

Our challenge, a very difficult but inspiring challenge, should be to make the second century of the OAS the century of democracy. Already others in the region see the need to reconcile the principle of nonintervention, one of the traditional cornerstones of the inter-American system, with the principles of self-determina-

tion and representative democracy, both of which are contained in the OAS charter and both of which have been given new urgency by today's needs. Speaking at a special session of OAS Permanent Council on April 27, 1990, President Carlos Andres Perez of Venezuela declared himself a convinced believer in "collective unarmed intervention for the positive and peaceful resolution of conflicts."

On March 28, 1990, Assistant Secretary of State Aronson was explicit to the Senate Foreign Relations Committee: "The conventional wisdom holds that our historic mistake in Latin America has been interventionism. I would argue the opposite is true. Our historic mistake—when we have made mistakes—has been to fail to rally early and boldly and effectively to support and extend democracy in its hour of need."

The Organization of American States already serves as the basic sounding board of the western hemisphere. As an association of sovereign states, its structure makes it an inherently democratic sounding board. The OAS has no privileged members, no security council, no vetoes. Every member has one vote, the same opportunity to be heard. Visitors to OAS Permanent Council meetings sometimes comment that they can seem almost familial in spite of their formality. And that is another strength. Even with the entry to membership over the past generation of a dozen countries of the Commonwealth Caribbean, OAS membership is still small enough to be manageable. No one need be silenced in the name of efficiency. The OAS is the natural forum to turn democracy in individual countries into democratic solidarity as a source of hemisphere-wide strength.

Still Far to Go

For some years, important issues have been considered outside the OAS—or not considered at all. Now 100 years old, the inter-American system is turning a corner, and there is an exciting new focus for the 1990s and beyond:

- Promoting and assisting democratic transitions and strengthening democratic institutions are now a prime concern of the OAS.

- The IACHR—the most respected human rights organization of any multilateral body—must continue to keep human rights at the center of the hemisphere's collective conscience.

- In the drug wars, the OAS is strengthening multilateral cooperation and breaking new ground, most recently in precursor chemicals and money laundering. As President Carlos Salinas de Gortari of Mexico told the OAS ministerial conference 2 weeks ago, "We are encouraged by the spread of a generalized awareness that we have a common enemy and by the emergence of a balanced and mature vision of how to attack it internationally."

Similar cooperation is foreseeable in other areas:

The environment. The June 1990, OAS General Assembly will consider a proposal to create an "Inter-American System for Nature Conservation." Because of the great interest in environmental issues among member countries, the General Assembly might decide to call a specialized conference of experts to develop a program of action.

Education. Democracy, economic development, and cultural sensitivity require substantial investments in education. The social, economic, and educational problems which cause so many young people to drop out of school waste human potential. Curricula need to be redesigned and teachers retrained. OAS multinational programs in basic education and education for work provide mechanisms for all member countries to share successes and to avoid repeating costly mistakes.

Integration. The Caribbean, Central America, the Andes, the Rio de la Plata area—the Americas have long been differentiated into natural subregions. So long as governments were despotic, so long as frontiers meant boundary disputes, and so long as individual countries could attempt to cut themselves off from progress, integration remained a dream. The spread of democracy gives the OAS new vigor as a forge of common consciousness and regional and subregional cooperation.

The OAS is by definition not a single-issue or single-country organization. But all these areas—plus the important work in trade promotion and democratically focused military education and training—are of deep national interest to the United States. All require positive, practical, productive, and patient contributions if we are to deal with the issues of the next century in a manner befitting the potential of the new world. ■

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Memorandum for all speechwriters and researchers

From Chriss Winston

Subject: Latin American trip

A short postscript to the meeting. Two of the gentlemen attending this morning's meeting will serve as liaison for us at State. They are Phil McLean (647-6754) and Andrew Sens (647-3403).

They are anxious to help in any way and will contact embassies for you if you prefer that to calling direct. Some of the information you will need will probably be sensitive and the embassies may prefer sending it by secure cable.

Also, over the next few weeks, you will receive, no doubt, sensitive documents through Don Johnson of the NSC i.e. cables. NSC had planned to "clean them up" for our use but I told him we had a safe and would lock up all sensitive papers. This should save us some time but, please, be careful of these papers and make sure they are in the safe in my office every night.

Bernie Aronson told me after the meeting that they hope to have the first bullets within two weeks. However, you each have a document to get started.

Secretary Baker

Current
Policy
No. 1160

Latin America and the U.S.: A New Partnership

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

Following is an address by Secretary Baker before the Carter Presidential Center's Consultation on a New Hemispheric Agenda, Atlanta, Georgia, March 30, 1989.

I am truly delighted to have the opportunity to be here today. It is a special privilege for me to join two American leaders who together, I think, really symbolize the promise of bipartisan foreign policy, President Jimmy Carter and President Gerald Ford. Let me start, if I might, by saying a brief word about each of these two former Presidents.

I think it is noteworthy that just 5 days ago, we celebrated the 10th anniversary of the Camp David accords. All of the bright promises of that historic treaty have, of course, not yet been realized, but we should take note of the fact that for 10 years neither Israel's sons nor Egypt's sons have died in battle with each other, and peace reigns today on the Sinai. That historic treaty will forever be a monument to the vision and leadership of three men of peace: Anwar Sadat, Menachem Begin, and President Jimmy Carter.

I was also struck on my recent tour of Europe by the new, historic stirrings for greater freedom and democracy in Eastern Europe from Poland to Hungary; indeed, to the Soviet Union itself. There are many causes, of course, for these profound changes, but surely history will record that one of those important reasons is the leadership that was shown by President Gerald Ford in defending human rights in the Helsinki Final Act. So I very much appreciate the hospitality of each of these Presidents in inviting me to join you today.

Historic Changes

I think we meet at a truly historic moment for Latin America and for the United States. Across the Americas today, from Punta del Este to California, an old order is dying and a new world is struggling to be born.

Brazil is manufacturing communication satellites. Mexico has joined the GATT [General Agreement on Tariffs and Trade]. A new vision of regional trade and integration is taking shape in the Caribbean Basin. And the winds of democracy are blowing across our hemisphere, from Chile to Paraguay to Central America.

The United States does not stand aloof from the historic changes which are transforming our hemisphere—in fact, quite the opposite. We are proudly rediscovering our shared heritage with Latin America.

Stand in Miami today, or go as I do occasionally to San Antonio. Close your eyes and listen. You could easily imagine yourself in Caracas or in San Jose. The fifth largest Spanish-speaking community in the world now lives in the United States. Our culture and economy are vastly enriched by the contribution of these Americans.

Soon we will enter the 21st century, and we face a choice between two very different futures. Down one road lies a vision of freedom and opportunity and economic development. It's a vision in which all our citizens can share as partners in a global economy and a true community of democratic nations. Down the other road lies a failed vision. A vision of dictatorship and state control and missed opportunities. We know which road we must travel, and we know that we have got to make that journey together. To put it simply, we need each other now as we have never before.

Common Challenges

The agenda of issues before this important conference confirms that new reality—democracy; development; drugs; debt; trade; migration; the environment; nuclear proliferation. These are neither North American nor Latin American responsibilities. They are the common challenges that we are going to have to confront together to shape successfully our shared destiny.

In recent weeks and months, President Bush and I have heard that very message. We have heard it from President Salinas [Mexico], President Alfonsin [Argentina], President Perez [Venezuela], President Azcona [Honduras], President Cerezo [Guatemala], and President Duarte [El Salvador], and we have heard it from Prime Ministers Eugenia Charles [Dominica] and Michael Manley [Jamaica]—all of whom

were recently welcomed visitors to Washington. We have heard that message as well from many of those of you in this room.

I think that Latin America's democratic leaders are reaching out to the United States to offer a new partnership. A partnership built on mutual respect and a partnership built on shared responsbility. I am here on behalf of a new President of the United States and a new Administration with our answer: We are reaching back to you.

The problems we face will not be resolved through quick promises or through easy answers. Instead, we have got to confront them together. We have got to confront them with candor. We have got to confront them with courage. And we have got to confront them with commitment. Let us begin by recognizing a simple truth that we, I think, have too often forgotten in the past. We really do have a lot to learn from each other.

In recent years, the people of North America have learned a lesson from the people of Latin America. A lesson about personal courage and the passion of ordinary people to simply be free. Peasants and political leaders, shopkeepers and market ladies have defied death threats and guerrilla violence, colonels and *comandantes*, to fight for democracy. I think we learned that lesson again 10 days ago in El Salvador.

We have watched far-sighted democratic leaders take the first vital, and often politically difficult, steps to shed layers of state regulation and special preference that for too long have held in check the creative, productive energies of Latin America. And we have learned a lesson from Latin America about political leadership.

We continue to be reminded of the values that we hold dear by Latin America's special sense of family, friendship, culture, and hospitality. And we hope that our experience in the United States with democracy—our experience with a free economy—may offer useful lessons to our friends in Latin America.

The United States enjoys political stability, peaceful succession of power, unquestioned civilian authority, and the steady expansion of human rights. We enjoy these blessings because for 200 years we have struggled to ensure that every citizen can help shape our political destiny. We are committed to helping Latin America wage that successful democratic struggle as well.

We have also learned that a free economy releases the energies of individuals and entrepreneurs, that it rewards initiative, and that it offers upward mobility. Economic liberty is the surest way to fulfill the aspirations of all of our citizens. Those Latin nations which have turned to this model have already begun to see a tangible reward.

During earlier phases of our history, we in the United States too often sought rapid growth at the expense of our nation's environment. We hope that here our experience can help Latin nations learn from our mistakes, rather then repeat those mistakes.

While we have much to learn from each other, we also have much to expect from each other. Together, we have got to set aside the easy politics of blame and the easy politics of mutual recrimination. Let us forge, instead, a new bond of cooperation and a new bond of mutual responsibility.

Those mutual responsibilities are the subject of this conference, and we will discuss them also in our private dialogue. Let me, if I might, mention a few of those subjects very briefly.

Democracy and Prosperity

The democratic wave sweeping Latin America today has been propelled by the aspirations of ordinary people for freedom and a better life. Now one question, above all others, confronts this hemisphere: Can democracy really deliver?

Can democratic governments begin to satisfy their peoples' basic needs for jobs, for health care, for homes, and for schools? Can fragile new civilian regimes construct and strengthen democratic institutions, protect their citizens against organized violence from both the extreme right and left, and normalize succession of power through peaceful electoral processes? The answer, of course, has got to be yes.

Yet, hanging over every decision which the region's elected leaders contemplate is the specter of deep economic and social crisis and the weight of Latin America's foreign debt. "The elected Presidents of the continent," *The Economist* wrote recently, "rule from capital cities ringed by shanty towns, swollen with refugees from the depressed countryside."

That is not our shared vision of Latin America's future. Clearly, Latin America must begin to grow again, and the fruits of that growth must be more widely shared.

To grow, Latin America cannot continue to be a net exporter of capital. Instead, it must create a climate for investment—a climate that will bring flight capital back to the region and that will attract new capital flows. Debt is a problem, but it is really also a symptom of, sometimes, a greater problem. If there were a magic solution that did not require structural economic reform, then those nations which have declared a moratorium on debt would be growing well today, but that simply is not the case. Instead, they are in deeper economic crisis. Today, democratic governments must try to reform bloated state economies, service their debt and, at the same time, satisfy the real needs of their citizens. We understand that facing this challenge alone is a nearly impossible juggling act.

The Need for a Cooperative Approach

We do not expect Latin American nations to face this challenge alone. As these nations move forward to take the necessary, but difficult, steps to restructure and reform their economies, we must be prepared to hear their calls for help. And we accept that responsibility.

Within the first 5 weeks of our Administration, we have announced a new approach to help reduce Latin America's debt burden. In the weeks and months to come, we must negotiate case by case the details of that policy to ensure continued economic reform, to ensure a real reduction in existing debt burdens—and, very importantly, to ensure new capital flows into the future.

If we ask Latin America to strip away the layers of protection that shield their economies from the free flow of trade in goods and services, then we in the United States, too, must confront protectionism and steadily reduce the barriers to products.

If we ask that you confront the new menace of organized drug cartels, now often in league with guerrilla movements, then we must not only assist you in that effort but also confront the terrible demand that exists in our country for these drugs. Only by tackling both supply and demand can we free our hemisphere from this drug menace.

If we are together engaged in a joint venture north and south to advance and defend democracy, then we each must do our part—collectively where possible—to create new mechanisms and strengthen existing ones to defend human rights, to guarantee the integrity of elections, and to establish sanctions against those who threaten

democratically elected governments through violence or through coups.

If you ask the United States to forgo unilateral initiatives and to work, instead, in good faith with the democratic nations of Latin America in a new cooperative diplomacy to support democracy, then we ask you to join with us in good faith to turn the promise of that diplomacy into a reality throughout this hemisphere.

Our Administration has negotiated a new bipartisan accord with Congress on Central America [see Selected Documents No. 36, "U.S. Support for Democracy and Peace in Central America"]. We are committed to work with Latin and Central American democratic leaders to translate the bright promise of the Esquipulas agreement into concrete realities on the ground. That is a challenge, but at the same time it's an opportunity. All those who advocate diplomacy and political solutions to the region's conflicts, I think, have a responsibility to prove that this is the best and the surest route to achieve our common goals. We invite Latin America's democratic leaders to join us in this challenge.

Together, we must insist that the promises in that regional treaty for democracy, for peace, and for security are not only kept but verified. We are prepared, as President Bush declared in announcing the accord, to support a process that guarantees democracy in Central America. But the United States will never support simply a paper agreement that sells out the Nicaraguan people's right to be free, and neither should any other democracy in this hemisphere.

Together we must send a clear message to others outside this hemisphere: This is simply not a dumping ground for their arms or their failed ideologies. We are looking for tangible signs of the so-called new thinking. The Soviet Union now has an opportunity to demonstrate its new thinking in its relationship to Central America. That is what the Esquipulas agreement requires, and that is what the democratic community demands.

And finally, if we support dialogue between the Government of El Salvador and the Marxist guerrillas to end the conflict there, then we should insist as well on dialogue between the Government of Nicaragua and the peasant army of the Nicaraguan Resistance so the guns of war can stand silent throughout Central America. For only when democracy and peace reign throughout Central America can we get on with the urgent work of economic integration and development for which the people of that war-torn region deeply yearn.

Some look at the crises and problems facing Latin America today, and they despair. I want you to know that I am not one of those. I believe that if we have the courage and the will to seize the opportunities before us, this is a time when we can dream great dreams for all the people of the Americas.

I believe the day will come when Carlos Andres Perez and Raul Alfonsin, Vinicio Cerezo, Jose Napoleon Duarte, Carlos Salinas, Julio Sanguinetti [President of Uruguay], Jose Azcona, Oscar Arias [President of Costa Rica]—and many others—will be seen as the pioneers who blazed the trail that will lead one day to the world's first completely democratic hemisphere. I believe that our hemisphere can become the model for the rest of the planet for a true partnership between the developed and the developing nations. A partnership where trade is free and prosperity is shared and the benefits of technology are harnessed for all.

And I believe that ideas generated in meetings such as this can, in fact, lead us to the day when in all nations of the Americas the rule of law prevails, human rights are respected, the strong are just and the weak secure, and the people live in peace.■

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INTRODUCTION

(SEARAPPC 8146, 5/16/90)
Council of the Americas

A time of great change in the world, symbolized by the fall of the Berlin Wall.

-- "defeat of communism"
-- lessening of E-W tension
-- unification of the "two Germanies"

Economically,

-- Europe '92
-- the challenge of the Pacific Rim economies
-- the opening of markets, investment opportunities in E. Europe.

Concerns about the Americas' place in the world, the U.S. stake in the Americas.

o One Brazilian magazine speculated that while Brazil struggled to compete with "Asian Tigers" in the 1980s, the 1990s will belong to the "East European Tigers" and Western and Japanese investment will be diverted from low-growth LDCs such as Brazil to East European countries.

o Reflecting on the impact of Europe 92 on the Caribbean one leader said: "Is the single European market a threat or an opportunity? It can be both for the Caribbean. It is an opportunity if we are wise and imaginative -- a threat if we are not."

Change in Central Europe has seized world attention, but there are signs of profound changes -- less visibly dramatic -- taking place in this hemisphere.

o In Mexico, the Chamber of Deputies has passed by an overwhelming vote (339-54) the Government's privatization plan — privatize the banks — Senate negotiate a FTA

o Argentine exports of soybeans have grown 28 times in the little over a decade to make the world's 3rd largest exporter.

o Tijuana's exports to California are roughly equal to total two way trade between the United States and both Poland and Hungary.

o The island country of Trinidad and Tobago is the world's second largest supplier of nitrogen fertiler -- after the Soviet Union.

I. THE AMERICAS MATTER

We are re-thinking our relationships -- in this hemisphere and elsewhere. We are not retrenching. Our stake in future of the Americas is substantial and growing.

Economic

- Our total merchandize trade with the region (1989) is just under 100 billion dollars, about 13% of the world total.

- The United States has major investments in the region, amounting in 1987 to 42.3 billion, or 59% of all U.S. direct investment in developing countries.

- When our Latin partners have prospered, we have prospered; when Latin American growth has lagged, so has our trade with the region.

  -- As the Mexican economy has opened up and turned around our two-way trade has mushroomed. The total of $52 billion is a 20% increase over 1988's figure and 50% above '87's level of $35 billion.

  -- In 1981, at the onset of the economic crisis, the region spent $42 billion on U.S. products, 18% of our total exports. As the crisis deepened, the region's purchases of U.S. goods fell sharply to $26 billion in 1983. Today, they are just above the earlier peak ($44 billion, with no adjustment for inflation); but the share is much less (12%).

  -- Venezuela is an example of both sides of the equation:
  In 1988, Venezuela grew by 4.2%; our exports advanced 28%.
  In 1989, Venezuela's econy receded by 8-10%; our exports declined by 34%.

- We share with our American partners as well a genuine interest in dealing successfully with the debt problem. Total Latin debt exceeds $400 billion of which a 1/3 is held by U.S. commercial banks. It has been estimated that the debt problem has cost the United States as much as $75 billion in lost exports over the past decade.

Drugs

- All of the cocaine consumed in the United States originates in South America. Coca, the raw product used to produce cocaine is grown in the Andean countries of Peru, Bolivia, and Colombia.

- Gross illegal drug sales in the U.S. are estimated at $110 billion -- more than our gross agricultural income, more

than double the profits enjoyed by the Fortune 500 companies combined.

- Traffickers in Latin America are estimated to net some $8 billion/year. Three of the region's 7 billionaires are traffickers.

Environment

- The Amazon represents nearly one-third of all the world's tropical forest. Estimates of de-forestation, based on LANDSAT satellite photography indicate that 5 - 12% of the Amazon has been deforested.

- Not just an Amazon issue: E.g. in Costa Rica in 1970 51% of the country was in forest; in 1980 only 30% was forest-covered. At present rate of deforestation, exploitable timber will be exhausted by 2000. Costa Rica will need to import.

- Not just de-forestation: air pollution (2/3 of region's inhabitants live in cities; 2 of world's largest cities, Mexico City and Sao Paulo, are in region), fishing practices, and Antarctic exploration.

Remaining Security Issues

- Almost 1/2 of U.S. imports and exports and 55% of our crude oil imports pass through the Caribbean Basin.

- 2 of every 3 ships transiting the Panama Canal carry goods to or from the United States.

- Insurgencies persist in Peru and Colombia, Guatemala and El Salvador. Violence -- political, social, and criminal -- traditionally high, has escalated in recent years. Now murder is the leading cause of death for male adults (18-40) in Colombia (where the government estimates some 140 groups engage in extra-judicial killings).

II. THE PROSPECTS FOR PROGRESS ARE GOOD

The countries of the Americas have taken the right direction.

- One important lesson of global changes: economic and political freedom work hand-in-hand.

  -- Democracy is an economic asset. As one former Latin Latin finance Minister put it: "Political centralism works against competition. Excessive statism must cease What is happening in Eastern Europe is an example. We are learning that democatic solutions are slow, that they often involve a difficult process of

negotiation. Democracy is less efficient in some ways from other systems but still is better because among other things, it is necessary to achieve a consensus and wide participation of all segments of society to implement change.

o In the Americas, political transformation -- the democratic revolution -- is well along; an economic revolution is underway.

-- The Volta Rondada Steel plant in Brazil (once the symbol of modernization through state-supported industrialization) is slated for privatization.

-- In Uruguay, the state mononopoly on insurance will end and private capital will be able to invest in the national airline and telephone company.

-- In Mexico, the banks are being denationalized and the state telecommunications monopoly is ending.

-- Tijuana, the second largest city on the West Coast of North America, has become known as "the world capital of television manufacturing." Unemployment is just 1% and the average wage is double the minimum.

-- Chile has transferred twice the value of state assets to the private sector than Britain, and in half the time (according to an independent study and taking into account the relative sizes of both countries).

-- The island states of the Eastern Caribbean are planning to create a regional stock exchange.

ISSUE: But, will the Latin American and Caribbean nations follow through on their programs of economic reform? What are the prospects for full implementation?

Answer: There is good reason to believe that they will follow through.

o Success in carrying through reforms depends on leaders who are willing to stay the course, to make the hard decisions and then follow through to the end. Latin leaders, it is clear, know that they must follow through on their reforms. There is a real sense of urgency on this, a sense of now-or-never.

-- Menem's Inaugural: "we are living a long, painful crisis . the worst, deepest, most decisive and most terrible crisis we can imagine. . . . This crisis is a challenge. . . . I am here to call you to the birth of a new era, of a new opportunity, perhaps the last one."

o Leaders must also set goals that make sense to citizens. Leaders are also accutely aware that economic growth is not an end in itself and are committed to growth that reaches all sectors of society.

-- Menem on the Anniversary of the B.A. Stock Exchange: "I will lead the economic recovery of a prostrated nation, with a new and wide-reaching market system. When I say wide-reaching, I mean that the economic system should serve the welfare of the population. But I also mean that each and every citizen must become part of the economic system."

-- CAP's Inaugural: "The readjustment of the economy . . . cannot be separated from the obligation democracy has twards workers, towards the poor people living in the urban and rural areas, as well as towards the middle class."

-- Collor's Labor Day Speech: one can't talk of a market economy in a society where the majority of workeers is not integrated into the economy. . . in developed market countries progress is a process of negotiation.

o The failure of protectionist, statist, and closed economic systems to produce genuine wealth is widely evident. It is understood that a reduced state role in the economy is not just compatible with but, is a pre-condition to realizing social goals.

-- Menem on Anniverary of Stock Exchange: "Forty years ago, just as in maby post-War European countries, companies were nationalized while other State-owned companies were created. Today, those same companies are bleeding the country with their deficits and imbalances."

-- Salinas' State of the Nation speech: "a State that does not attend to the demands of the people because it is too busy administering its entrprises is neither just nor revolutionary . . . An over-extended, overworked State ends up as a weak State . . ."

-- Menem on the Anniversary of the B.A. Stock Exchange: "We want a socially effective government, a government able to take charge of strategic national policies rather than one that manages hotels, blocks private initiative and bureaucratizes pepole's lives."

o Economic reform must have popular backing. The genuinely open economy has inherent popular appeal. It offers empowerment, mobility, and real participation in the economic life of the nation to all levels and sectors of society.

-- In Lima the informal sector provides 43% of the housing, 83% of the markets, and 95% of urban transport. An

estimated 40% of the GDP is generated by the informal sector.

-- Fernando De Soto's group estimates that the informal economy of Peru produces nearly 40% of the GDP and represents 60% of the man-hours worked in the country. Informals own land and housing valued at some $16 billion.

-- There are similar estimates from other countries.

+ (Economists estimate that the Brazilian GDP would be 25% higher if the informal economy's contribution were counted. One research group estimates that some 7.3 million workers are employed in the informal economy.)

+ (An Argentine think-tank estimates that the informal economy there equals 60% of the official measured GNP -- 1 out of 3 goods manufactured is not officially counted.)

-- Today the informals operate at the margins of society and in spite of state restriction and control. The closed economy discourages wide particpation by the people in the economic life of their country.

+ It took 4 researchers working full time 43 days and 15 times the minimum wage to open a small retail shop.

+ Less than 4% of the homes in Lima's informal sector are titled.

+ Getting title to a home in Peru, requires up to 48 months of hard work and more than a year's minimum wage in "fees."

The open economy legitimates private ownership, the effect is to liberate productive economic activity.

+ Legal title to property makes it possible to leverage de facto assets (through mortgages, loans, etc.) to greatly expand activity.

+ When individuals acquire title to property the "own" the value increases 9 times over 10 years.

+ In the words of Hernando DeSoto: "tangible enfranchisement" creates an "enabling environment."

o Carried through, economic opening works.

-- One small example on the micro-level: Mexico has increased its revenue from the sale of coffee by 40%, in spite of the collapse in the international coffee agreement. The

reason, according to the Mexicans: virtual elimination of the Mexican Coffee Institute as a regulator.

Country Examples

-- Mexico's GDP grew 3% in 1989 (exceeding population growth for the first time in 10 years). Inflation brought down from 51.7% in '88 to 20% in '89.

-- Bolivia continued with modest inflation, steady growth.

-- Costa Rica showed uninteruppted economic growth since 1983, with expanding non-traditional exports (now more than half of total exports).

-- Venezuela (which suffered a decline of 8-10% in GDP) still expects nontraditional exports to increase 20% under last year's maxi-devesomething, has reduced its fiscal deficit reduced to just 2% of GDP last year.

-- In Colombia, tight money policy held inflation down to 27% last year. Growth at 3% remains high for the region.

III. WE WILL CONTRIBUTE TO THE WELL-BEING OF THE AMERICAS IN WORKING PARTNERSHIP WITH OUR NEIGHBORS.

Definition of Partnership: The President described our relationship this way: "a partnership built on mutual respect and mutual responsibility . . . rooted in a common commitment to democratic rule.

Our Contribution to the Partnership

What is the U.S. doing to encourage Latin economic growth? What does it plan to do concretely?

o First, let us not minimize the importance of asserting intellectual leadership. The way to solutions if often blocked by thinking that was out of synch with the times and global developments. The terms of reference needed to be clarified and discussion of issues channeled along pragmatic lines.

-- E.g. Debt: while significant in its own right, needed to be seen as the symptom of a greater problem.

-- Economic reform had to be recognized as an indispensable condition for any progress.

-- Linkages needed to be strengthened between debt-packages and internal reforms. The Brady Proposals as much a vehicle for encouraging economic restructuring as simply a means of debt and debt-service reduction.

o Concretely on the issue of debt, 5 countries (4 in the region: Chile, Costa Rica, Mexico, Venezuela; and the Philippines) have concluded new debt arrangements under Brady proposals; these countries account for 44% of commercial debt owed by the 16 largest LDC debtors.

-- Mexico's recent debt deal will allow it to reduce its net external transfers from 6% of GNP/yr. (1983-1988) to an annual average of 2% per yr. (1990-1994). (According to Jose Gurria, undersecretary for international finance, Finance Ministry).

-- Costa Rica's debt buyback agreement with commercial banks will result in repurchase of 60% of the country's debt, leaving the debt at $3.9 billion for this year.

-- Venezuela's agreement with leading foreign creditory banks allows them to slice 25% off debt value and accept bonds at fixed, below-market interest rates or provide new money.

-- We are contributing to the strengthening of the International Financial Institutions (IFIs) which play a critical support role in debt arrangements.

o The future will very much depend on what happens in the areas of trade, investment, and technology.

-- This is neither the time or place for a Marshal Plan for the Americas. The U.S. cannot underwrite the costs of economic growth out of its foreign assistance budget. Nor should we.

+ Where U.S. assistance is critical and appropriate we do provide: bilaterally and multilaterally.

+ Last year our economic bilateral aid to the region was just under $1 billion. Adding in U.S. contributions to multilateral lending institutions, our assistance to the region roughly equals that during the Alliance for Progress.

-- We are exploring ways of liberalizing trade with neighbors. e.g. Mexico.

-- We have been working to enhance the CBI.

-- The Cartagena approach wisely requires that we cooperate to liberalize trade with the Andean countries -- a step not only advantageous in its own right but also supportive of the effort to combat drugs.

-- On bilateral trade and technology issues we are working hard at establishing a "positive agenda." We are not

looking to gain a short-sighted, unilateral advantage from our 301 actions. The issue is reciprocity.

-- Consistent with our emphasis on a global approach to trade liberalization we are working hard at increasing access to markets around the world, principally at the GATT.

+ We have set a goal of eliminating agricultural subsidies world-wide by the year 2000. And, to date we have introduced over 100 proposals in the Uruguay Round.

+ + We encourage Latin participation in the GATT. Currently 12 countries have formal accession applications pending. Last year, work was completed on 3 (Bolivia, Costa Rica, and Tunisia). Six others, largely from Central and South America, are under active consideration.

+ We have a common interest with Latin GATT members in negotiating access for specific products (e.g. soybeans) and, more generally, in resisting the "protectionist temptation" in newly emerging trading groups. We invite Latin cooperation at the GATT.

-- We welcome the opportunity to invest in Latin growth. Bilateral Investment Treaties (BITs) are one way to clarify the rules of the game and facilitate capital transfere. We are exploring others. And, we would welcome signals from capital-needy countries of receptivity to investment. The issue is one of clear, transparent, and consistent rules of the game.

-- We encourage countries outside the hemisphere to trade and invest in the region: Japan, EC countries.

The Consequences of Partnership

-- If we support more open trade we need to confront protectionism in the United States.

-- If we and our partners in the hemisphere support an outward looking approach to trade then we need to work together for a freer international trading system. And, if we admit to differences with our neighbors on some GATT issues, we should recognize our common interests in gaining access to markets outside this hemisphere. We can and should work together to advance those common interests.

-- If everyone recognizes that technology is a driving force in the global economy, then we must encourage the commercial transfere of technology by discouraging the piracy of technology.

-- If our neighbors are looking for the capital to finance growth, then they must signal to investors -- their own as well as foreign investors -- that they welcome their participation, and that the rules of the game are transparent and coherent.

-- And, if our neighbors are working hard to open up their economies we should recognize that their need of capital for growth can be our opportunity for investment.

Partnership is not a zero-sum game in which my gain is your loss and vice-versa.

North and South we have an interest in dealing with the debt problem.

North and South we have good reason to expand two-way trade not just exports.

North and South we have every reason to engage more broadly in global markets even as we deepen our own economic relationship.

7883, 4/26/90
INTRODUCTION

Latin America matters, and in the next 5 to 10 years it will require still greater attention.

Latin America owes us more money, sells us more cocaine, and buys more of its imports from us than any other part of the world.

As East-West tensions/competition around the world seems to diminish, threats close to home move to the fore.

- Drugs. All of the cocaine consumed in the United States originates in South America. Coca, the raw product used to produce cocaine is grown in the Andean countries of Peru, Bolivia, and Colombia.

- The largest foreign sources of marijuana are Colombia, Mexico, and Jamaica.

- Debt. Economic disarray in South America causes a decline in the value of loan assets in U.S. banks. It also reduces by tens of billions of dollars American exports to a once thriving market.

- Terrorism. U.S. interests remain the prime foreign target of Latin American terrorists -- accounting for 3/4 of the region's nearly 150 international terrorism incidents in 1988.

- Strategic/Security Concerns. Almost 1/2 of U.S. imports and exports and 55% of our crude oil imports pass through the Caribbean Basin.

- 2 of every 3 ships transiting the Panama Canal carry goods to or from the United States.

Support for democracy is our best bet for realizing our interests and objectives in the region: from protection of human rights to security.

- Democratic states offer their citizens a say and a stake in their future and thus tend to be more resistant to subversion. (E.g. in El Salvador, in a period which has seen 6 nationwide elections, guerrilla strength has declined by 1/2; the November offensive was a last-ditch, desparation effort by an insurgency without popular support; it failed, as previous such offensives have, without that support.)

- Where economic freedom works hand-in-hand with political freedom, the results are impressive: economic growth with opportunities and benefits for all. (E.g. Mexico, Costa Rica, Bolivia, Uruguay)

- Finally, democratic states offer an environment protective and supportive of human rights. The transition to democracy has brought a marked improved in human rights performance. (E.g. In Argentina and Uruguay, where disappearances, torture, and political killings were once commonplace they are virtually nonexistent.)

Partnership describes the approach we intend to take in our dealings with the other countries of the hemisphere.

The President described it this way: "a partnership built on mutual respect and mutual responsibility . . . rooted in a common commitment to democratic rule." (Bush)

Partnership is a 2-way street. (Following is drawn from Baker Atlanta speech.)

- If we ask countries to undertake economic reform, we must be ready to lend a helping hand (the U.S., the industrial democracies, the IFIs, and the banks).

- If we ask for trade liberalization, we must confront protectionism in the United States.

- If we ask Latins to confront drug cartels, we must confront the demand that exists here.

- If the Latin and Caribbean states ask us to forgo unilateral initiatives and to support democracy in a cooperative effort, they must show the resolve to turn commitments into reality (E.g. Esquipulas).

CURRENT SITUATION AND TRENDS

The 1980s saw both progress and deterioration in Latin America.

On the positive side, a decade-long move to democracy has put all but 2 of the 33 countries of the region in the democratic column; elections in Paraguay this May gave that country a democratically-elected government after 35 years of military rule under General Stroessner. Conclusion of elections in Chile put all of South America under democratic goverment. Panama now finally on the road to recovery.

On the down side, economic growth has barely kept up with population increases -- where once growth rates were 2 - 3 times our own and second only to the East Asian NICs'.

This stagnation imposes

- o a human cost in underdevelopment,
- o an "opportunity cost" in markets lost to American exports, and
- o a political cost to elected leaders who attempt needed but difficult policy reforms.

Across a wide front, the region has experienced regression.

- o Drug traffickers net an estimated $8 billion annually. Area cultivated grows by some 10% a year. Three of the region's seven billionaires are drug traffickers.
- o Debt has risen to over $400 billion, up from $330 billion in 1982.
- o Insurgencies persist in Peru and Colombia, Guatemala and El Salvador. Violence -- political, social, and criminal -- traditionally high, has escalated in recent years. Now murder is the leading cause of death for male adults (18-40) in Colombia (where the government estimates some 140 groups engage in extra-judicial killings).

Democratic gains are not absolutely fixed. In Peru, Guatemala and Argentina, coup rumors have surfaced from time to time even as elected leaders work to consolidate democratic government. In Argentina three barracks rebellions took place since April 1987.

A perception that democratic leaders are unable to cope or that democracy is unable to "deliver the goods" puts democracy at risk and could produce an antidemocratic reaction.

To be sure, the problems are not insurmountable.

- -- Mexico, Bolivia, Costa Rica, and Uruguay have done considerably better than average economically.
- -- Concerning drugs, debate over who's to blame is largely over and cooperation has begun. The Cartegena Summit laid out a comprehensive framework for cooperation. The Latins are beginning to take political risks (herbicide use, eradication campaigns) and deploy their best assets (the military in Colombia).
- -- Gaining momemtun in the late 80s, has been a trend to greater pragmatism and eagerness to dialogue.

CURRENT POLICY, OBJECTIVES

Support for democracy is the keystone of our policy and offers an enduring basis for bipartisan policymaking in the U.S.

- To directly further democracy, the U.S. provides direct support for free and fair elections (e.g. Nicaragua), vigorously opposes coup attempts (Argentina, Guatemala, Peru), and is quick to encourage openings when they occur (Paraguay).

- Material support for democracy aims at long-range institution-building.

  -- Technical/legal assistance to judicial systems in Argentina, Bolivia, Chile, Colombia, Peru, and Uruguay are being initiated; administration of justice programs in Central America have shown the way (the investigative capacity of the Special Investigative Unit in El Salvador -- supported by U.S. assistance -- was critical to the progress on the Jesuits case.

  -- A legislative management program will start up in Chile.

  -- Our aim is strengthen the building blocks of a healthy pluralism -- courts, legislatures, a free press and trade unions. With some exceptions, these institutions tend to be weak thoughout the region.

Democracy/Nicaragua. The elections of February 25th which ended 10 years of Sandinista rule mark the beginning of Nicaragua's transition to democracy.

- The democratically elected government of Violetta Chamorro faces major challenges in consolidating democracy in Nicaragua.

  -- The opposing sides in Nicaragua's civil conflict must work a reconciliation.

  -- The Nicaraguan Resistance must be re-integrated in the political, economic, and social of the country.

  -- 10 years of Sandinista economic mismanagement have left the economy in a shambles; economic reconstruction which lays the basis for long-term economic growth is in order.

- The United States supports the consolidation process and is endeavoring to assist the Nicarguan democracy bilaterally and multilaterally.

-- The United States is cooperating with the UN and the OAS in the demobilization and reintegration of the Nicaraguan Resistance.

-- We have lifted the economic sanctions intended to pressure the Sandinistas to fulfill their promises to democratize and are working to provide economic assistance to Nicaragua.

-- We are encouraging other countries -- in the hemisphere and outside -- to provide assistance to Nicaragua.

Panama -- Years of mismanagement and corruption by the Noriega regime wreaked havoc on the Panamanian economy, shattered the public sector, and destroyed confidence in the country's justice system.

o Events finally led to a Panamanian declaration of a state of war, attacks on US personnel, and the U.S. military response in December, 1989.

o For Panama to recover significant U.S. aid will be required.

Economic Aid

o By the start of FY 91 we expect to have assisted Panama in responding to the most immediate short-term needs for economic recovery and political stability -- including solving the political/humanitarian problem of re-housing residents made homeless by the fighting, repairing damage to infrastructure, and providing technical assistance to government ministries.

o Significant, but one-shot economic assistance (a FY 90 supplemental of $500 million has been requested) will be required to "jump-start" a fundemantally sound economy and assure that it returns to a sustainable growth pattern.

o The supplemental FY 90 assistance package will continue to be used in FY 91 to promote sustained economic recovery and to strengthen the administration of justice.

Military Aid

o Panama had available some $6 million in prior-year military assistance grant funds as well as $3.8m in FMS Credit. Most of these funds have been spend to by nonmilitary basics for the public forces (uniforms, trucks, small arms, etc.)

-- There are no plans to implement military assistance (other than a modest International Military Education and Training (IMET) program to give a select group of

Coast Guard and public forces infrastructure-support training).

-- Other kinds of military aid will be depend on GOP decisions on the organization and mission of the non-police components of the public forces -- including specialized units.

o The Endara Government has made clear that the new public forces will have primarily a police/public order mandate -- fully responsive to civilian authority, and with strictly limited military functions and equipment.

o It recognizes, however, need for the capability to combat terrorism and insurgency -- and Panama will consider formation of small "specialized units" to deal with these.

o U.S. aid to the public forces is currently limited to the development of a civilian law-enforcement assistance program, to be implemented immediately upon the removal of Congressional restrictions on aid to Panama.

The National Drug Control Strategy lays out -- among other things -- our priorities in the international war against drugs.

o Disruption and dismantlement of drug-trafficking organizations.

o Reduced cocaine supply.

-- Law enforcement, military, and economic assistance will be provided to the three Andean cocaine-producing countries to (a) isolate major growing areas, (b) block delivery of chemicals for processing, (c) destroy processing labs, (d) dismantle trafficking organizations.

-- Efforts in transit areas will be improved

-- And, Joint Intelligence Collection Centers have started to operate in the Caribbean Basin.

o Reduced heroin supply through efforts to convince other countries to exert influence on opium growers and reduce heroin processing and distribution.

o Reduced marijuana supply through strengthened foreign law enforcement and eradication, and through efforts to discourage minor producing nations from becoming major producers.

- U.S. assistance and encouragement for multilateral efforts aimed at source country and transit country production and distribution.

- Other international objectives:

  -- Elevation of drugs as a bilateral foreign policy issue.

  -- U.S. ratification of the UN Convention Against the Illicit Traffic in Narcotic Drgus and Pyschtropic Sustances.

  -- Support for the foreign aid certification process.

  -- Bilateral and multilateral efforts against money-laundering.

Some recent achievements

- By far the most notable, the Cartegena Drug Summit.

  Not just a photo-op or protocollary, the Summit ended the fruitless debate over supply and demand, who is to blame.

  It laid out a comprehensive framework for dealing with the problem -- to which the principal coca-producing countries and key consuming country agreed.

- In Colombia, the fifteenth extradition since August of last year took place March 28.

- CICAD (the OAS body on drugs) approved, due in part to the leadership of Chile and the U.S., model legislation on precursor and essential chemicals that is more restrictive than the 1988 UN Convention. CICAD's model legislation will be submitted to the hemisphere's drug ministers in Ixtapa.

- On March 24, Bolivian forces destroyed a large cocaine production complex not far from the Brazilian border. This is one of the largest labs destroyed to date in Bolivia and the biggest success yet for the riverine program.

- The Bahamas signed an Extradition Treaty Signed on March 9 which should remove some of the obstacles we have previously faced when attempting to prosecute drug traffickers arrested in the Bahamas.

- As of March 28, Bolivia's eradication efforts have have almost equalled last year's total. In 1988, Bolivia, which has adopted sweeping anti-narcotics legislation, exceeded its eradication targets.

Regarding debt and development, the Brady proposals incorporate key elements of the Baker Plan

- o Economic growth through market-based economic reform;
- o Voluntary action by creditor banks -- no "taxpayer bailout" for banks or debtors; and,
- o Case-by-case negotiation of debt agreements.

To this approach, the Brady proposals add

- o Voluntary debt and debt-service reduction. The precise amount and terms of debt or debt-service reduction will depend on negotiations between the banks and debtors.
- o The idea is that in return for a reduction of debt, banks will be guaranteed repayment on remaining debts.
- o Here is where the international financial (i.e. lending) institutions (IFIs) come in. They can serve as guarantors in specific debt reduction arrangements.
- o For its part, the United States has helped to enhance the resources of the IFIs to enable them to play a greater role. (We contributed to an increase in capitalization of the World Bank last year; this year we are working on an increase in our IMF quota.)

Debt is a problem, but debt, quite frequently, is also the symptom of a larger problem: restructuring economies to support sustained growth, with benefits widely shared.

- o QUOTE. Carlos Andres Perez (addressing international labor leaders in April) said, "If we say, for the sake of argument that the debt disappears and if we continue managing our economies as we have managed them in the past, inevitably we would continue in the same situation of unemployment and disaster."
- o If debt relief, all by itself, were a magical solution to the problem then countries which have declared moratoriums would be growing today. They are not. (E.g. Peru; temporarily, Brazil)
- o Leaders know that market-based economic reform is essential. In Argentina, the new government working to sell off state-owned monopolies, lower barriers to foreign investment, and end subsidies for sheltered private industries. Argentines realize that while others can be supportive, they must make the fundamental changes that will make the most difference.

- o Where such measures have been pursued vigorously the results have been impressive. E.g. Costa Rica.
  - -- It has slashed deficit from 13.7% of GDP ('81) to 0.3% ('87);
  - -- It has privatized state-owned companies, liberalized banking system, maintained realistic exchange rate;
  - -- Inflation fell from 82% ('82) to 15% ('87).
  - -- Unemployment down from 9.5% ('82) to 5.6% ('87).
  - -- Nontraditional exports have increased 182% in 4 years to 1987.

- o Similar efforts and results in Mexico prompt us to view favorably efforts by Mexico, the banks, and the IFIs to work out a debt reduction/payment scheme. When debt relief goes hand-in-hand with economic reform, everyone benefits.

OPPORTUNITIES AND PROBLEMS

Three developments, if managed well, promise a more active and successful relationship with South America.

The first is the growing realization that state-directed, dependency-based theories of national economic management do not work in a competitive, interdependent world.

- o While the movement to privitization is still halting, Latins' own experience and news of change in the Soviet bloc are creating doubts about statist models.

The second is a genuine and widely held commitment to democracy: people believe that they can govern themselves.

- o Election turnout is exceptionally high.

- o And grassroots political activity is strong (Argentina, Brazil, and Venezuela).

Lastly, Latins are eager for "dialoque" with Washington. They are also receptive and ready to listen.

STRATEGY AND POLICY

The continent is wealthy in resources and human capital and traditionally oriented to the U.S. As its major customer, richest and most populous neighbor, the U.S. has a position of influence. Careful use of this advantaged position is important, since the U.S. cannot buy away Latin problems; in the end solutions must be home-grown. U.S. strategy aimed at supporting the evolution of politically and economically secure partners will in the long run produce the best returns.

President Bush

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Enterprise for the Americas Initiative

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Following are remarks by President Bush before administration officials and members of the business community, Washington, DC, June 27, 1990.

Thank you all very much for coming to the White House. It is my pleasure to welcome so many distinguished guests with such strong interests in the vital Latin American and Caribbean region.

In the past 12 months everyone of us, from the men in the White House to the man on the street has been fascinated by the tremendous changes, the positive changes taking place around the world. Freedom has made great gains, not just in Eastern Europe, but right here in the Americas. We've seen a resurgence of democratic rule, a rising tide of democracy never before witnessed in the history of this beloved hemisphere. And with one exception, Cuba, the transition to democracy is moving toward completion. We can all sense the excitement that the day is not far off when Cuba joins the ranks of world democracies and makes the Americas fully free.

With one exception, that's the case. But the political transformation sweeping the rest of Latin America and the Caribbean has its parallel in the economic sphere. Throughout the region, nations are turning away from the statist economic policies that stifle growth and are now looking to the power of the free market to help this hemisphere realize its untapped potential for progress. A new leadership has emerged backed by the strength of the peoples' mandate—leadership that understands that the future of Latin America lies with free government and free markets. In the words of Colombia's courageous leader, Virgilio Barco—President Barco: "The long-running match between Karl Marx and Adam Smith is finally coming to an end" with the "recognition that open economies with access to markets can lead to social progress."

For the United States, these are welcome developments—developments that we're eager to support. But we recognize that each nation in the region must make its own choices. There is no blueprint, no one size fits all approaches to reform. The primary responsibility for achieving economic growth lies with each individual country. Our challenge in this country is to respond in ways that support the positive changes now taking place in the hemisphere. We must forge a genuine partnership for free market reform.

Back in February, I met in Cartagena [Colombia] with heads of the three Andean nations. And I came away from that meeting convinced that the United States must review its approach not only to that region but to Latin America and the Caribbean as a whole. I asked Treasury Secretary Brady to lead a review of US economic policy toward this vital region, to make a fresh assessment of the problems and opportunities we'll encounter in the decade ahead. That review is now complete, and the results are in. And the need for new economic initiatives is clear and compelling.

All signs point to the fact that we must shift the focus of our economic interaction toward a new economic partnership because prosperity in our hemisphere depends on trade, not aid. I've asked you here today to share with you some of the ideas, some of the ways we can build a broad-based partnership for the 1990s—to announce the new Enterprise for the Americas Initiative that creates incentives to reinforce Latin America's growing recognition that free market reform is the key to sustained growth and political stability.

The three pillars of our new initiative are trade, investment, and debt. To expand trade, I propose that we begin the process of creating a hemisphere-wide free trade zone; to increase investment that we adopt measures to create a new flow of capital into the region; and to further ease the debt—the burden of debt—a new approach to debt in the region with important benefits for our environment.

Trade

In the 1980s, trade within our hemisphere trailed the overall pace of growth in world trade. One principal reason for that: over-restrictive trade barriers that wall off the economies of our region from each other, and from the United States, at great cost to us all. These barriers are the legacy of the misguided notion that a nation's economy needs protection in order to thrive. The great economic lesson of this century is that protectionism still stifles progress, and free markets breed prosperity. To this end, we've formulated a three-point trade plan to encourage the emerging trend toward free market reform and that is now gathering forces in the Americas.

First, as we enter the final months of the current Uruguay Round of the world trade talks, I pledge close cooperation with the nations of this hemisphere. The successful completion of the Uruguay Round remains the most effective way of promoting long-term trade growth in Latin America and the increased integration of Latin nations into the overall global trading system. Our aim in the Uruguay Round is free and fair trade.

Through these talks, we are seeking to strengthen existing trade rules and to expand them to areas that do not now have agreed rules of fair play. To show our commitment to our neighbors in Latin America and the Caribbean, we will seek deeper tariff reductions in this round on products of special interest to them.

Second, we must build on the trend we see toward free markets and make our ultimate aim a free trade system that links all of the Americas—North, Central, and South. We look forward to the day when not only are the Americas the first fully free democratic hemisphere, but when all are equal partners in a free trade zone stretching from the port of Anchorage to the Tierra del Fuego.

I'm announcing today that the United States stands ready to enter into free trade agreements with other markets in Latin America and the Caribbean, particularly with groups of countries that have associated for purposes of trade liberalization. The first step in this process is the now-announced free trade agreement with Mexico.[1] We must all recognize that we won't bring down barriers to free trade overnight; changes so far-reaching may take years of preparation and tough negotiations. But the payoff in terms of prosperity is worth every effort. And now is the time to make a comprehensive free trade zone for the Americas our long-term goal.

And third, I understand that some countries aren't yet ready to take that dramatic step to a full free trade agreement. And that's why we're prepared to negotiate with any interested nation in the region bilateral framework agreements to open markets and develop closer trade ties. Such agreements already exist with Mexico and Bolivia. Framework agreements will enable us to move forward on a step-by-step basis to eliminate counterproductive barriers to trade and toward our ultimate goal of free trade. And that's a prescription for greater growth and a higher standard of living in Latin America and, right here at home, a new market for American products and more jobs for American workers.

A new leadership has emerged, backed by the strength of the peoples' mandate—leadership that understands that the future of Latin America lies with free government and free markets.

Promoting free trade is just one of three key elements in our new Enterprise for the Americas Initiative. And our second pillar is increased investment.

Investment Reform

The competition for capital today is fierce. And the key to increased investment is to be competitive, to turn around the conditions that have discouraged both foreign and domestic investment, reduce the regulatory burden, clear away the thicket of bureaucratic barriers that choke off Latin America's aspiring entrepreneurs.

In one large Latin city, for instance, it takes almost 300 days to cut through the red tape to open a small garment shop. In another country, the average overseas caller has to make five phone calls to get through, and the wait for a new telephone line can be as long as 5 years—and that's got to change.

Investment reform is essential to make it easier to start new business ventures and make it possible for international investors to participate and profit in Latin American markets. In order to create incentives for investment reform, the United States is prepared to take the following steps:

First, the United States will work with the Inter-American Development Bank (IDB) to create a new lending program for nations that take significant steps to remove impediments to international investment. The World Bank could also contribute to this effort; and

Second, we propose the creation of a new investment fund for the Americas. This fund, administered by the IDB, could provide up to $300 million a year in grants in response to market-oriented investment reforms in progress in privatization.

The United States intends to contribute $100 million to the fund, and we will seek matching contributions from Europe and Japan. But in order to create an attractive climate for new investment, we must build on our successful efforts to ease the debt burden. That's the third pillar of this new Enterprise for the Americas initiative.

Easing the Debt Burden

Many nations have already undertaken painful economic reforms for the sake of future growth. But the investment climate remains clouded, weighted down by the heavy debt burden. Under the Brady plan, we are making significant progress. The agreements reached with Mexico and Costa Rica and Venezuela are already having a positive impact on investment in those countries.

Mexico, to take just one example, has already seen a reversal of the destructive capital flight that drained so many Latin American nations of precious investment resources. That's critical. If we restore confidence, capital will follow.

As one means of expanding our debt strategy we propose that the IDB add its efforts and resources to those of the International Monetary Fund (IMF) and the World Bank to support commercial bank debt reduction in Latin America and the Caribbean and, as in the case of World Bank and IMF, IDB funds should be directly linked to economic reform.

While the Brady plan has helped nations reduce commercial bank debt for nations with high levels of official debt—debt owed to governments rather than

[1] On June 11, 1990, Presidents Bush and Salinas endorsed the goal of a comprehensive free trade agreement between the United States and Mexico. The presidents have directed their trade ministers to undertake the consultations and preperatory work needed to initiate such negotiations and to report back to them before the two presidents' next meeting in December 1990.

private financial institution—the burden remains heavy. And today, across Latin America, official debt owed to the US Government amounts to nearly $12 billion, with $7 billion of that amount in concessional loans. In many cases, the heaviest official debt burdens fall on some of the region's smallest nations—countries like Honduras and El Salvador and Jamaica.

That's a problem we must address today. As the key component in addressing the region's debt problem, I am proposing a major new initiative to reduce Latin America's and the Caribbean's official debt to the United States for countries that adopt strong economic and investment reform programs with the support of international institutions.

Our debt reduction program will deal separately with concessional and commercial types of loans. On the concessional debt, loans made from aid or food for peace accounts, we will propose substantial debt reductions for the most heavily burdened countries. And we will also sell a portion of outstanding commercial loans to facilitate these debt-for-equity and debt-for-nature swaps in countries that have set up such programs.

Strengthening Environmental Policies

These actions will be taken on a case-by-case basis. One measure of prosperity in the most important long-term investment any nation can make is environmental well-being. As part of our Enterprise for the Americas Initiative, we will take action to strengthen environmental policies in this hemisphere.

Debt-for-nature swaps are one example—patterned after the innovative agreements reached by some Latin American nations and their commercial creditors. We will also call for the creation of environmental trusts, where interest payments owed on restructured US debt will be paid in local currency and set aside to fund environmental projects in the debtor countries.

These innovative agreements offer a powerful new tool for preserving the natural wonders of this hemisphere that we share. From the vistas of the unspoiled Arctic, to the beauties of the barrier reef off Belize, to the rich rain forests of the Amazons, we must protect this living legacy that we hold in trust. For an increasing number of our neighbors, the need for free market reform is clear. These nations need economic breathing room to enact bold reforms. And this official debt initiative is one answer. A way out from under the crushing burden of debt that slows the process of reform.

Conclusion

I know there is some concern that the revolutionary changes we've witnessed this past year in Eastern Europe will shift our attention away from Latin America. But I want to assure all of you here today, as I've assured many democratic leaders in Central and South America and the Caribbean, and Mexico, the United States will not lose sight of the tremendous challenges and opportunities right here in our own hemisphere. And indeed, as we talk with the leaders of the G-24 about the emerging democracies in Europe—I've been talking to them also about their supporting democracy and economic freedom in Central America. Our aim is a closer partnership between the Americas and our friends in Europe and in Asia.

Two years from now, our hemisphere will celebrate the 500th anniversary of an epic event, Columbus' discovery of America, our New World. And we trace our origins, our shared history to the time of Columbus' voyage and the courageous quest for the advancement of man. Today, the bonds of our common heritage are strengthened by the love of freedom and a common commitment to democracy. Our challenge, the challenge in this new era of the Americas is to secure this shared dream and all its fruits for all the people of the Americas—North, Central, and South.

The comprehensive plan that I've just outlined is proof positive the United States is serious about forging a new partnership with our Latin American and Caribbean neighbors. We're ready to play a constructive role at this critical time to make ours the first fully free hemisphere in all of history. ■

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THE PRESIDENT'S SEPTEMBER 16-22 TRIP TO SOUTH AMERICA:
THEMES AND RELATED MATERIAL FOR SPEECHES

I. OVERVIEW

- The President's major address in Brazil and his speeches in Uruguay, Argentina, Chile and Venezuela will provide him an unparalleled opportunity to stress the theme of partnerships based on the principles of free government and free enterprise. The speeches should highlight what we and the Latins have done to sustain the momentum towards stronger democratic institutions and rational economic development, and the challenges that face us in the future. We must be forthright, however, in telling the Latins that even though progress has been made, there is still a great deal to do.

- Governments and electorates in the five countries the President will visit are showing new determination and realism in pursuing economic opening and reform. If these reforms continue, economic progress in which all can participate becomes an attainable goal. The President's Enterprise for the Americas initiative is intended to give impetus to the economic restructuring which has begun -- to greater and lesser degrees -- in these five countries, and to sustain and deepen this process in tangible ways. Development is not a single event, but a continuous process of fundamental change; not just investment or trade reform, but a reshaping of the whole society and its world view.

- In the economic sphere, open markets not only generate growth to the benefit of all concerned, but also offer participation, mobility, opportunity and empowerment to all sectors of society. An overburdened state, trying but failing to perform the work of the private sector, is not the agent of social justice but rather an obstacle to its attainment.

- Just as change, competition and sound currencies are essential to ~~and~~ successful economy, ~~they are to Latin American development~~ [development and to Latin America, they are part of any]. This is a lesson we in the U.S. are constantly re-learning. As the pace of technological change grows ever more rapid, only those economies which welcome change and actively seek out new opportunities will prosper.

- The President's initiative offers a vision of where we should aim to go over the next decade and what forms

our cooperation should take. It is not a detailed, comprehensive plan for development, nor a set of ready-made, short-term solutions to specific problems. Its aims to establish a long-term partnership, a process in which the details of our new economic relationship will be developed through consultation and accommodation.

- Attached on Tabs A through E you will find memoranda which describe the individual circumstances affecting each of the five speeches and proposes themes which should be incorporated into the President's remarks.

TAB A

BRAZIL (Sunday, September 16 - Monday, September 17)

- Suggested Venue: still undetermined, most likely a joint session of congress in Brasilia, but possibly a business group in Sao Paulo.

- Probably Audience: members of the Brazilian Congress, selected members of the GOB, representatives of the diplomatic corps, business interests.

- Local Color: (1) Brasilia, a starkly modern planned city, symbolizes Brazil's pioneering vision of the future and its potential as a world economic and political leader. President Eisenhower, whose centenary we celebrate this year, visited Brasilia in 1960, prior to its formal inauguration as the new capital of Brazil; (2) Sao Paulo, Latin America's largest industrial city, embodies the region's potential dynamism and projection toward world markets.

- Themes for the Major Address:

  -- As we approach the quincentenary of Columbus' encounter with the new world, it becomes increasing clear that in 1992 -- if not sooner -- the rest of the world will rediscover the Americas.

  -- After more than a decade of economic stagnation and serious social and political problems the region now appears on the threshold of sustained economic growth, social development and a new level of political maturity firmly rooted in respect for democratic processes and human/political rights.

  -- Regretably, the only anomaly in this revolution of freedom is Cuba, which still clings to outmoded political and economic models that put it more and more out of step with the rest of the hemisphere. We are confident that eventually Cuba too will realize the depth of the changes that are occurring all around the world and rejoin the inter-American community as a full partner.

  -- The old idea of a Western Hemisphere that is different, separate and aloof from the corrupting

influences of the Old World must now give way to a new vision of the Americas as full and equal partners with the industrialized nations in the forging of a more cooperative, more peaceful, more interdependent world for the 21st century.

-- With democracy largely achieved, the region now faces the challenge of its consolidation and deepening. This will require both economic growth and social modernization. We are prepared to help in this process.

-- In the face of this daunting task we have the advantages of a young, vigorous population and abundant natural resources.

-- We in the Western Hemisphere appear to be reaching a new understanding of the proper parameters of state authority over the individual and the economy.

-- One of the most difficult steps remaining in setting these parameters is the creation of a sound currency and erasing the memory of inflation. Success in this area is galvanizing Germany's unity. Without it development in Latin America is unlikely.

-- The balance between public and private sector power will be different from country to country, but throughout the hemisphere opportunities for the individual to speak, act and work according to his own conscience -- and to seek unlimited economic horizons free from the stifling intervention of the state -- now appear better than they have been anytime in this century.

-- The Enterprise for the Americas (Iniciativa para las Américas) announced on June 27 -- proposing new ideas on trade, investment and debt -- is a clear indication that the United States is ready to be a full partner in this new American revolution.

Brazil-Specific Themes for the Major Address:

-- Brazil, known for its economic miracle" in the 1960's and early '70s, is now a regional political leader and major player in the international economic arena.

-- President Collor's bold economic reform program, which we applaud and follow with close interest, can help serve as a catalyst in strengthening Brazil's economy and world role.

-- With regard to the all-critical inflation hurdle, the U.S. is prepared to provide technical assistance and to encourage the multilateral institutions to become involved in this area. The challenge, however, is Brazil's.

-- The United States attaches great significance to the 1992 U.N.-sponsored environmental conference which will be hosted by Brazil and plans to work closely with the GOB to insure maximum effectiveness.

-- The U.S. endorses the establishment of an international fund to assist less developed countries to make the technological changes necessary to reduce chloroflurocarbons emissions.

-- We are working with Brazil through both bilateral and multilateral channels to address the major threats to the world's environment and global climate change.

-- President Collor's personal commitment to combatting drug use will spur our joint narcotics interdiction and education efforts.

-- Brazil and the United States share an intense interest in the successful outcome of the Uruguay Round of GATT.

-- As large nations with global interests, the United States and Brazil have a common interest in international peace and security issues.

-- We need to increase the level and frequency of our discussions on the subject of global arms and nuclear proliferation, particularly with regard to regional instability.

- Quotable Quotes:

(None provided by Embassy Brasilia.)

TAB B

URUGUAY (Tuesday, September 18)

- Suggested Venue: a joint session of the Uruguayan congress in Montevideo.

- Probable Audience: members of the Uruguayan Congress, selected members of the GOU, representatives of the diplomatic corps.

- Local Color: the Uruguay Round of the GATT was begun here, making it particularly appropriate for the President to note its successful implementation. President Bush will be the first U.S. president to visit Uruguay since Johnson participated in the Meeting of American Chiefs of State at Punta del Este in 1967.

- Themes:

  -- Two facets of the Enterprise for the Americas initiative -- trade and investment -- are of particular interest to Uruguay. In addition to the successful completing of the Uruguay Round of GATT, the U.S. is pleased that Uruguay and its neighbors are actively considering the elimination of reduction of barriers to free trade through a regional trade agreement and through strengthening of ALADI, the Latin American Integration Association.

  -- We also applaud President Lacalle's proposal for a hemisphere capital market as a stimulus to investment, and are encouraged by progress made here and else where on bilateral investment treaties.

  -- President Lacalle's courageous implementation of a wide range of structural reforms will improve the economic environment, while other reforms will reduce the size of the state, bring greater stability to prices and to the currency, reform or eliminate costly state monopolies, and modernize labor relations to make Uruguay more competitive on the international labor market.

  -- We are also encouraged by clear signs that Uruguay is willing to cooperate in controlling international narcotics trafficking, particularly money laundering and other types of criminal financial activity.

Quotable Quotes:

"The economic relationship between Latin America and the United States needs to be reconsidered. We do not believe that the solution is more aid but rather more trade, more investment ... we would also like to point out ... that our countries are undertaking profound transformations in their respective economies creating in this way, a favorable climate for investment. The restructuring of the state has been undertaken as a necessary goal by almost all of the American nations and it is proof of the will towards change which guides the Latin American governments, because we see and recognize that this is not a one-way street." (President Lacalle, OASGA, Asuncion, June 1990)

TAB C

ARGENTINA (Wednesday, September 19)

- Suggested Venue: a joint session of the Argentine Congress in Buenos Aires.

- Probable Audience: members of the Argentine Congress, selected members of the GOA, representatives of the diplomatic corps.

- Local Color: President Bush will be the first U.S. President to visit Argentina since Eisenhower in 1960. It comes at a time of a 180 degree shift in Argentine attitudes toward the world at large, including the United States, and the causes of their national problems. Once the eight ranking economy in the world, Argentina now ranks 58th. President Menem speaks openly of his friendship and admiration for President Bush. He seeks to integrate Argentina fully into the international community while abandoning statist, protectionist economic policies. The magnitude of economic reform needed is greater in Argentina than in the other countries the President is visiting and resistance to Menem's efforts is strong.

- Themes:

  -- Argentina is enjoying one of the longest periods of constitutional rule in its recent history and the protection offered to human and civil rights has increased.

  -- Argentina led the hemispheric move away from military governments to democracy in the 1980's.

  -- The United States supports President Menem's courageous economic reform program, including restructuring of the public sector, and other policies leading to a modern, growing, market-oriented economy.

  -- Economic reform will encourage greater individual initiative, thereby improving the prospects of prosperity for this and future generations.

  -- The increasing attention paid to the establishment of a sound currency merits hope and further encouragement by those who have supported Argentina's past efforts in this area.

-- President Menem's determination to divest monopolistic enterprises, especially the privatization of the national telephone system, sets an example for the other nations of Latin America.

-- The Bilateral Investment Treaty which we have signed will encourage United States investors to join Argentines in a cooperative partnership that will result in greater productivity, more exports, more jobs and a return to the level of optimism and the standard of living that Argentina enjoyed in the past.

-- The Mutual Legal Assistance Treaty we have signed is a further step forward in our close cooperation in the figlt against narcotrafficking and other transnational criminal activity

-- In this spirit of reform and modernization, the United States welcomes Argentina's decision to help halt the proliferation of dangerous missile systems and to cooperate more fully with the international community in nuclear safeguards within the spirit of the Tlatelolco Treaty.

-- As President Menem's economic reform policies develop and are implemented, they may provide the potential for voluntary, negotiated debt and debt service reduction as a compliment to new commercial bank lending.

- Quotable Quotes:

"To take advantage of democratic experiences to propel economic growth and progress is the principal crossroads and challenge for our peoples and governments."

"We Argentines must abandon this fabled mental colonialism that tells us that all of our problems come from elsewhere. Because if we think that way we'll come to the conclusion that we have no solution within our own means, by our decisions, by our courage. The people will do it; through the people is how its done. People think of opportunities rather than excuses, of possibilities rather than risks, or new horizons rather than old dangers." (President Menem, Congress, May 1, 1990)

TAB D

CHILE (Thursday, September 20)

- Suggested Venue: the GOC very much wants the President to address a joint session of the Chilean Congress at its new headquarters in Valparaiso. This would pose logistical and security problems. Alternative venues are the old congress building in Santiago, the University of Chile and the Diego Portales Building, headquarters of the previous military government, all of which pose political problems.

- Probable Audience: in Valparaiso, members of the congress, selected members of the GOC and representatives of the diplomatic corps.

- Local Color: After more than 16 years of estrangement in U.S.-Chilean relations, the President's visit will be interpreted by most observers as a strong endorsement for democracy and for the kind of market-oriented economic reforms that have made Chile's economy one of the strongest in the region. According to an independent study, Chile has transferred twice the value of state-owned assets to the private sector than has Britain, and in half the time.

- Themes:

  -- Latin America, like Eastern Europe, is shedding failed political and economic ideologies and rediscovering the power of individual citizens seeking their own and collective interests within a free and open society.

  -- The United States joins all Chileans in celebrating the return to democracy and renewed respect for the sanctity of individual liberties and is ready to play an active, positive role in this process.

  -- Chile's economic achievements serve as a guide to economic planners in other countries. Recent economic growth is the envy of the rest of Latin America, fully one third of national output is devoted to international trade, a tribute to the openness of the economy and the productivity of the Chilean people.

-- Chile's uniformly low tariffs, simplified investment rules, efficient procedures and honest civil servants combine to give Chile a significant advantage in the new, more integrated world that faces us in the 21st century.

-- As a result, Chile stands to benefit more from more open international markets than any other country in Latin America.

-- Similarly, Chile's sound, innovative management of is foreign debt, which appear overwhelming only a few years ago, has been impressive and serves a a model for the rest of Latin America. Through hard work and sacrifice the debt has been reduced from 14 billion to 5 billion dollars, making Chile the first country in the region to regain normal access to sources of international finance.

Quotable Quotes:

"Chileans, with a tradition of democratic institutions, of respect for human rights, of the rule of law, have chosen to remake their society, based on those values which honored their country in the past ... at the same time we want to seek progress and economic development, based on an open and competitive system, in which all creative initiatives find space for expression." (President Aylwin, Expomin'90, May 15, 1990)

"We need to grow if we want to overcome poverty. This requires that we stimulate savings, investments, creative initiative and the entrepreneurial spirit. Government policies must reconcile the spirit of social justice and the legitimate requirement to satisfy essential needs with the unavoidable demand for growth and development." (President Aylwin, Inaugural Address, March 12, 1990)

TAB E

VENEZUELA (Saturday, September 22)

- Suggested Venue: breakfast meeting of the Venezuelan-American Chamber of Commerce (VENAMCHAM), at the Hilton.

- Probable Audience: members of VENAMCHAM and representatives of other appropriate Venezuelan and U.S. organizations.

- Local Color: Venezuela is one of South America's most stable democracies, with a long tradition of free, openly contested elections and respect for civil and political liberties. The oil bonanza is over, however, and Venezuelans are adjusting to the new reality of austerity. Although this has tempered somewhat Venezuelans' image of themselves as regional leaders, President Perez still aspires to play a leading role in hemisphere affairs and can be counted on to be generally supportive of U.S. interests.

- Themes:

  -- The VENAMCHAM venue is an ideal forum for emphasizing the U.S. role as Venezuela's largest market and, reciprocally, our role as its principal supplier.

  -- The recently concluded free trade agreement with Canada, ongoing negotiations with Mexico for a similar accord, and the recently announced Enterprise for the Americas initiative bode well for economic growth in the hemisphere and the expansion of Latin American trade to non-traditional markets.

  -- Venezuela, which has implemented an innovative economic reform program which includes reduction of trade barriers, free market discipline and export oriented growth, is poised to take advantage of these opportunities.

  -- Venezuela's role in international cooperation to eliminate narcotics production and trafficking is also important. Although not a producing country, we need Venezuela's help in suppressing transshipment, the uncontrolled use of precursor chemicals and money laundering is crucial to regional anti-narcotics efforts.

- Quotable Quotes:

"President Bush has thrown down a positive challenge to us Latin Americans, to which we cannot, nor should we, respond with the same old suspicions which have generally fed the misunderstandings of the past. If we think what he prooses is easy, it is not. We have to bridge that gap between out beliefs and understanding of Latin America's realities and the concepts that we still hold to with regard to the role our peoples and economies must play in the wake of the industrialized world. Yet never has the United States taken an initiative of such enormous importance for the region. The dialogue we are offered opens up paths so far not explored." (President Perez' Independence Day address, July 5, 1990.)

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