

THE WHITE HOUSE

Office of the Press Secretary

*File
NSC-19 Feb
Caribbean Div-
Int.*

For Immediate Release

February 24, 1982

ADDRESS OF THE PRESIDENT
ON THE CARIBBEAN BASIN INITIATIVE

The Organization of American States

12:37 P.M. EST

THE PRESIDENT: Thank you very much. Mr. Chairman, distinguished permanent representatives, Mr. Secretary General, distinguished members of the diplomatic corps, and ladies and gentlemen, it's a great honor for me to stand before you today. The principles which the Organization of American States embodies -- democracy, self-determination, economic development and collective security are at the heart of U.S. foreign policy.

The United States of America is a proud member of this organization. What happens anywhere in the Americas affects us in this country. In that very real sense, we share a common destiny.

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

Most of our forebears came to this hemisphere seeking a better life for themselves. They came in search of opportunity and, yes, in search of God. Virtually all descendants of the land and immigrants alike have had to fight for independence. Having gained it, they've had to fight to retain it. There were times when we even fought each other.

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

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

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

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impatiently toward our neighbors. These experiences have left their scars, but they also help us today to identify with the struggle for political and economic development in the other countries of this hemisphere.

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

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

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

Now, I know in the past the United States has proposed policies that we declared would be mutually beneficial not only for North America but also for the nations of the Caribbean and Central and South America. But there was often a problem. No matter how good our intentions were, our very size may have made it seem that we were exercising a kind of paternalism.

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

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

Today I would like to talk about our other neighbors -- neighbors by the sea -- some two dozen countries of the Caribbean and Central America. These countries are not unfamiliar names from some isolated corner of the world far from home. They are very close to home. The country of El Salvador, for example, is nearer to Texas than Texas is to Massachusetts. The Caribbean region is a vital strategic and commercial artery for the United States. Nearly half of our trade, two-thirds of our imported oil, and over half of our imported strategic minerals pass through the Panama Canal or the Gulf of Mexico. Make no mistake: The well-being and security of our neighbors in this region are in our own vital interest.

Economic health is one of the keys to a secure future for our Caribbean Basin

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and to the neighbors there. I'm happy to say that Mexico, Canada and Venezuela have joined in this search for ways to help these countries realize their economic potential.

Each of our four nations has its own unique position and approach. Mexico and Venezuela are helping to offset energy costs to Caribbean Basin countries by means of an oil facility that is already in operation. Canada is doubling its already significant economic assistance. We all seek to ensure that the peoples of this area have the right to preserve their own national identities, to improve their economic lot and to develop their political institutions to suit their own unique social and historical needs. The Central American and Caribbean countries differ widely in culture, personality and needs. Like America itself, the Caribbean Basin is an extraordinary mosaic of Hispanics, Africans, Asians, and Europeans, as well as native Americans.

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

We have taken the time to consult closely with other governments in the region, both sponsors and beneficiaries, to ask them what they need and what they think will work. And we have labored long to develop an economic program that integrates trade, aid and investment -- a program that represents a long-term commitment to the countries of the Caribbean and Central America to make use of the magic of the marketplace, the market of the Americas, to earn their own way toward self-sustaining growth.

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

The program I am proposing today puts these principles into practice. It is an integrated program that helps our neighbors help themselves, a program that will create conditions under which creativity and private entrepreneurship and self-help can flourish. Aid is an important part of this program because many of our neighbors need it to put themselves in a starting position from which they can begin to earn their own way. But this aid will encourage private sector activities, not displace them.

The centerpiece of the program that I am sending to the Congress is free trade for Caribbean Basin products exported to the United States. Currently, some 87 percent of Caribbean exports already enter U.S. markets duty free under the Generalized System of Preferences. These exports, however, cover only the limited range of existing products -- not the wide variety of potential products these talented and industrious peoples are capable of producing under the free trade arrangement that I am proposing. Exports from the area will receive duty free treatment for 12 years. Thus, new investors will be able to enter the market knowing that their products will receive duty free treatment for at least the pay-off lifetime of their investments. Before granting duty-free treatment, we will discuss with each country its own self-help measures.

The only exception to the free trade concept will be textile and apparel products because these products are covered now by other international agreements. However, we will make sure that our immediate neighbors have more liberal quota arrangements.

This economic proposal is as unprecedented as today's crisis in the Caribbean. Never before has the United States offered a preferential trading agreement to any region. This commitment makes unmistakably clear our determination to help our neighbors grow strong. The impact of this free trade approach will develop slowly. The economies that we seek to help are small. Even as they grow, all the protections now available to U.S. industry, agriculture, and labor against disruptive imports will remain. And growth in the Caribbean will benefit everyone with American exports finding new markets.

Secondly, to further attract investment, I will ask the Congress to provide significant tax incentives for investment in the Caribbean basin. We also stand ready to negotiate bilateral investment treaties with interested Basin Countries.

Third, I'm asking for a supplemental Fiscal Year 1982 appropriation of \$350 million to assist those countries which are particularly hard hit economically. Much of this aid will be concentrated on the private sector. These steps will help foster the spirit of enterprise necessary to take advantage of the trade and investment portions of the program.

Fourth, we will offer technical assistance and training to assist the private sector in the Basin countries to benefit from the opportunities of this program. This will include investment promotion, export marketing, and technology transfer efforts, as well as programs to facilitate adjustments to greater competition and production in agriculture and industry. I intend to seek the active participation of the business community in this undertaking. The Peace Corps already has 861 volunteers in Caribbean Basin countries, and will give special emphasis to recruiting volunteers with skills in developing local enterprise.

Fifth, we will work closely with Mexico, Canada, and Venezuela, all of whom have already begun substantial and innovative programs of their own to encourage stronger international efforts to coordinate our own development measures with their vital contributions, and with other potential donors like Columbia. We will also encourage our European, Japanese, and other Asian allies, as well as multilateral development institutions to increase their assistance in the region.

Sixth, given our special valued relationship with Puerto Rico and the United States Virgin Islands, we will propose special measures to ensure that they also will benefit and prosper from this program. With their strong traditions of democracy and free enterprise, they can play leading roles in the development of the area.

This program has been carefully prepared. It represents a farsighted act by our own people at a time of considerable economic difficulty at home. I wouldn't propose it if I were not convinced that it is vital to the security interests of this nation and of this hemisphere. The energy, the time and the treasure we dedicate to assisting the development of our neighbors now can help to prevent the much larger expenditures of treasure as well as human lives which would flow from their collapse.

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

I've spoken up to now mainly of the economic and social challenges to development. But there are also other dangers. A new kind of colonialism stalks the world today and threatens our independence. It is brutal and totalitarian. It is not of our hemisphere but it threatens our hemisphere and has established footholds on American soil for the expansion of its colonialist ambitions.

The events of the last several years dramatize two different futures which are possible for the Caribbean area: Either the establishment or restoration of moderate, constitutional governments with economic growth and improved living standards; or, further expansion of political violence from the extreme left and the extreme right resulting in the imposition of dictatorships and inevitably more economic decline and human suffering.

The positive opportunity is illustrated by the two-thirds of the nations in the area which have democratic governments. The dark future is foreshadowed by the poverty and repression of Castro's Cuba, the tightening grip of the totalitarian left in Grenada and Nicaragua, and the expansion of Soviet-backed, Cuban-managed support for violent revolution in Central America.

The record is clear. Nowhere in its whole sordid history have the promises of Communism been redeemed. Everywhere it has exploited and aggravated temporary economic suffering to seize power and then to institutionalize economic deprivation and suppress human rights. Right now, six million people worldwide are refugees from Communist systems. Already, more than a million Cubans alone have fled communist tyranny.

Our economic and social program cannot work if our neighbors cannot pursue their own economic and political future in peace but must divert their resources, instead, to fight imported terrorism and armed attack.

Economic progress cannot be made while guerillas systematically burn, bomb, and destroy bridges, farms and power and transportation systems -- all with the deliberate intention of worsening economic and social problems in hopes of radicalizing already suffering people.

Our Caribbean neighbors' peaceful attempts to develop are feared by the foes of freedom because their success will make the radical message a hollow one. Cuba and its Soviet backers know this. Since 1978, Havana has trained, armed and directed extremists in guerrilla warfare and economic sabotage as part of a campaign to exploit troubles in Central America and the Caribbean. Their goal is to establish Cuban-style Marxist-Leninist dictatorships. Last year, Cuba received 66,000 tons of war supplies from the Soviet Union -- more than in any year since the 1962 missile crisis. Last month, the arrival of additional high performance MIG-23 Floggers gave Cuba an arsenal of more than 200 Soviet war planes -- far more than the military aircraft inventories of all other Caribbean Basin countries combined. For almost two years, Nicaragua has served as a platform for covert military action. Through Nicaragua, arms are being smuggled to guerillas in El Salvador and Guatemala.

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The Nicaraguan government even admits the forced relocation of about 8,500 Miskito Indians. And we have clear evidence that since late 1981, many Indian communities have been burned to the ground and men, women and children killed.

The Nicaraguan junta cabled written assurances to the OAS in 1979 that it intended to respect human rights and hold free elections. Two years later, these commitments can be measured by the postponement of elections until 1985, by repression against free trade unions, against the media, minorities and in defiance of all international civility, by the continued export of arms and subversion to neighboring countries.

Two years ago, in contrast, the government of El Salvador began an unprecedented land reform. It has repeatedly urged the guerrillas to renounce violence, to join in the democratic process, an election in which the people of El Salvador could determine the government they prefer. Our own country and other American nations through the OAS have urged such a course. The guerrillas have refused. More than that, they now threaten violence and death to those who participate in such an election.

Can anything make more clear the nature of those who pretend to be supporters of so-called "wars of liberation"?

A determined propaganda campaign has sought to mislead many in Europe and certainly many in the United States as to the true nature of the conflict in El Salvador. Very simply, guerrillas, armed and supported by and through Cuba, are attempting to impose a Marxist-Leninist dictatorship on the people of El Salvador as part of a larger imperialistic plan. If we do not act promptly and decisively in defense of freedom, new Cubas will arise from the ruins of today's conflicts. We will face more totalitarian regimes tied militarily to the Soviet Union. More regimes exporting subversion, more regimes so incompetent yet so totalitarian that their citizens' only hope becomes that of one migrating to other American nations, as in recent years they have come to the United States.

I believe free and peaceful development of our hemisphere requires us to help governments confronted with aggression from outside their borders to defend themselves. For this reason, I will ask the Congress to provide increased security assistance to help friendly countries hold off those who would destroy their chances for economic and social progress and political democracy. Since 1947, the Rio Treaty has established reciprocal defense responsibilities linked to our common democratic ideals. Meeting these responsibilities is all the more important when an outside power supports terrorism and insurgency to destroy any possibility of freedom and democracy. Let our friends and our adversaries understand that we will do whatever is prudent and necessary to ensure the peace and security of the Caribbean area.

In the face of outside threats, security for the countries of the Caribbean and Central American area is not an end in itself, but a means to an end.

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It is a means toward building representative and responsive institutions, toward strengthening pluralism and free private institutions -- churches, free trade unions, and an independent press. It is a means to nurturing the basic human rights freedom's foes would stamp out. In the Caribbean we above all seek to protect those values and principles that shape the proud heritage of this hemisphere. I have already expressed our support for the coming election in El Salvador. We also strongly support the Central American Democratic Community formed this January by Costa Rica, Honduras and El Salvador. The United States will work closely with other concerned democracies inside and outside the area to preserve and enhance our common democratic values.

We will not, however, follow Cuba's lead in attempting to resolve human problems by brute force. Our economic assistance, including the additions that are part of the program I have just outlined, is more than five times the amount of our security assistance. The thrust of our aid is to help our neighbors realize freedom, justice, and economic progress.

We seek to exclude no one. Some, however, have turned from their American neighbors and their heritage. Let them return to the traditions and common values of this hemisphere and we all will welcome them. The choice is theirs.

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

Our neighbors' call for help is addressed to us all here in this country, to the administration, to the Congress, to millions of Americans from Miami to Chicago, from New York to Los Angeles. This is not Washington's problem; it is the problem of all the people of this great land and of all the other Americas -- the great and sovereign republics of North America, the Caribbean Basin, and South America.

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

Now, I am aware that the United States has pursued Good Neighbor Policies in the past. These policies did some good. But they are inadequate for today. I believe that my country is now ready to go beyond being a good neighbor to being a true friend and brother in a community that belongs as much to others as to us. That, no guns, is the ultimate key to peace and security for us all.

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

We return to a common vision. Nearly a century ago a great citizen of the Caribbean and the Americas, Jose Marti warned that, "Mankind is composed of two sorts of men, those who love and create and those who hate and destroy." Today more than ever the compassionate, creative peoples of the Americas have an opportunity to stand together, to overcome injustice, hatred and oppression, and to build a better life for all the Americas.

I have always believed that this hemisphere was a special place with a special destiny. I believe that we are destined to be the beacon of hope for all mankind. With God's help, we can make it so. We can create a peaceful, free and prospering hemisphere based on our shared ideals and reaching from pole to pole of what we proudly call the New World. Thank you.

1:05 P.M. EST

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