TO FRIENDS AND COLLEAGUES

To guard against the perils of the extemporaneous and unrecorded, I spoke from this text yesterday.

With only a bit of spice, the text is culled largely from current policy statements on Central America and the Caribbean.

Luigi R. Einaudi

Informal Remarks on Central America and the Caribbean by

Luigi R. Einaudi
Director of Policy Planning and Coordination
Bureau of Inter-American Affairs
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I am delighted to have this opportunity to share some thoughts with this distinguished company.

The countries of the Caribbean Basin are changing rapidly. The region as we have known it is passing and so is the structure of relationships between its countries and the West. The challenge before us is not to resist change but to participate in it in new and constructive ways.

In Central America, a once stagnant order is disintegrating before our eyes. New groups are emerging; old ones are changing. Traditional alliances among landowners, generals, and bishops lie shattered. The landed gentry's economic monopoly has been broken by modern businessmen. The Armed Forces are developing broader and more modern perspectives as institutions. The Church has ceased to bless the status quo, and sometimes actively supports change.

The complex nature of these transformations is reflected in the very different situations of individual Central American nations. Nicaragua is struggling for economic recovery and searching for ways to implement a national consensus against dictatorship; in El Salvador, a civilmilitary coalition is carrying out unprecedented reforms against violent opposition from right and left extremes; in Guatemala, a conservative government must decide how to develop that country's unique potential without falling prey to tensions similar to those that have created turmoil in its neighbors; in Honduras, a delicate transition toward full constitutional rule is taking place under the pressure of regional uncertainties; in Costa Rica, a functioning democracy is adjusting to new political and economic stresses.

In the island states of the Caribbean, the signs of change are less dramatic but equally undeniable. In a single generation, colonialism has given way to independence for a dozen countries. Since the early

seventies, the region has experienced severe economic problems: rising energy costs, falling prices for commodity exports, declining investment and loss of skilled manpower through emigration. Young people are leaving rural areas with high aspirations only to become frustrated dwellers of urban slums. Last year's quantum leap in oil prices is having a devastating impact on most of the small island economies. External pressures are thus aggravating internal problems, such as the tension between social benefits and economic productivity that is straining democratic institutions in Jamaica. There is no guarantee that the coups in Grenada and Suriname are not portents of more generalized instability to come.

The differences between Central America and the Caribbean are significant. The English-speaking Caribbean has inherited a potentially important source of strength in parliamentary democracy. In contrast, Central American democracy has too often served as a mask for authoritarianism, and popular aspirations have too often not been expressed effectively through normal constitutional channels. In the Caribbean, cultural and even ideological differences are sharper than in Central America, and fragmented sovereignties have undermined early efforts at federation. In both regions, nevertheless, there are nuclei for better cooperation -- the CARICOM and the Central American Common Market.

Despite differences among individual countries and sub-regions, the Caribbean Basin is a geopolitical unity. Events in one part of the region inevitably affect the others. Western interests, particularly security interests, in the region are largely undifferentiated. Events in one country affect others -- not in a simple domino effect, but importantly nonetheless.

Were we dealing with a series of unrelated crises, we could assume the relaxed attitude of monitoring the painful but necessary birth pangs of a new and possibly more just order. Certainly, the dispersal of power now taking place introduces new hope for democracy. The erosion of central authority, however, facilitates the growth of extremist factions. Taken together, these developments make plain governing difficult, and increase uncertainty about what the future will bring.

One of the major uncertainties concerns Cuba's role. Cuba is larger than any other Caribbean or Central American country. The region is of unique importance to Cuba, and Cuba's enormous dependence on the Soviet Union creates a dangerous link to global East-West problems.

Cuba is clearly not the cause of the region's turmoil. Just as clearly, however, Cuba could become a major beneficiary. Cuba's longstanding ties with indigenous revolutionaries, and the concrete assistance it provides them, could make a critical difference. Mounting domestic failures could provoke Cuba into even more dangerous adventurism.

It is important to remember in such circumstances that Central America's future will ultimately be decided by Central Americans. Few of them want to repeat Cuba's experience. Most want to build modern and open societies that take into consideration their own history, traditions, and special economic circumstances.

Helping them to do so, and formulating an adequate response to these developments, is a complex policy problem for the West. Our choices are not as simple as those of Cuba. The Cubans have little choice but to support the violent left. We cannot support the violent right, although they may consider themselves — or be considered by others — our natural allies. The weakness of legitimacy based on traditional authority, and our own values — support for human rights and for development with equity — combine to preclude this alternative. We must, rather, work patiently and steadily with those individuals, groups, and institutions capable of building a more pluralistic and democratic future.

In contrast to the Caribbean, moderate and democratic groups in Central America are often fragmented and demoralized. Too often, they accent their weaknesses by squabbling with each other and working at cross-purposes. But they do exist -- among businessmen and military officers, among labor and peasant organizations, and among political parties with views ranging from populism to christian and social democracy.

These many different local groups all deserve our understanding and support. For although changes -- and a certain amount of instability -- are in fact inevitable, we can make a major difference in how the forces of change ultimately work themselves out. As Dr. Hans Morgenthau once wrote: "The real issue facing American foreign policy ... is not how to preserve stability in the face of revolution, but how to create stability out of revolution."

U.S. policy is currently based on two guiding principles:

First, because traditional patterns are in many respects both unjust and unstable, we recognize that change is both natural and inevitable. We believe that

peace and democracy depend, in Central America in particular, on broadly-based and fundamental socio-economic and political reforms that will increase national well-being and strengthen the rights of the individual.

Second, while we hold these views, we will not attempt to impose them. We will not use military force in situations where only domestic groups are in contention. We harbor no illusion that we can define the nature of change or substitute ourselves for local leadership; but, as in El Salvador today, we can and will support local reform initiatives.

This approach reflects both local realities and American interests. For that reason, and despite certain suggestions to the contrary, I believe U.S. policy is unlikely to change significantly in the future. Indeed, we anticipate that our European and Latin American friends will join us in this cooperative approach. If we -- and they -- do not participate in shaping the future, we would be reduced to accepting and adjusting passively to whatever comes. And it would not be pleasant. The alternatives are intolerable: violence followed by dictatorships -- first of the right, then of the left.

In sum, the multiple crises of the Caribbean Basin present the West with a very complex and, I submit, important challenge. We must:

- -- encourage moderate and democratic forces throughout the area on the basis of constructive relationships free of dogmas and sectarianisms;
- -- facilitate the development of economies where the fruits of modern entrepreneurship and labor are rewarded;
- -- find ways to rejuvenate processes of <u>regional</u> cooperation and economic integration;
- -- deal effectively with Cuban aggressiveness; and
- -- maintain, and if necessary, increase development assistance, to levels commensurate with the area's pressing needs.

These objectives are all immeasurably strengthened by meetings such as this, where Central Americans and Caribbeans, Americans and Europeans -- men of the West all -- come together to discuss how urgency and serenity can be combined . . . in action.

Thank you very much.