1. CONFIDENTIAL - ENTIRE TEXT

2. I wish to offer the following thoughts on the President's upcoming visit to San Jose.

3. First, I believe consideration should be given to focusing political portions of speech on the situation in Central America. My favored outline would start with a description of the political situation in Nicaragua, the Soviet/Cuban alignment and the threat posed to the neighbors. Then, I would describe the contrasting situation in neighboring countries: the efforts to advance democracy; the commitment to reform; and the suffering occasioned by revolutionary violence. Finally, I would describe our policy in support of the region's democracies and reaffirm the San Jose October 4 declaration as our
agenda for regional peace.

4. Next, I would hope that the President could publicly affirm a commitment to make a maximum effort to get the remaining portions of the Caribbean Basin Initiative through the Congress in December. I can think of no single step by the USG which would strengthen our credibility with and give encouragement to the beleaguered Honduran private sector than making the CBI a complete reality in the very same year it was put to the Congress by President Reagan.

5. Lastly, as regards Honduras specifically, we have no final word yet as to a possible meeting with regional Heads of State. As noted in other Embassy reporting (see my November 6 talk with Minister of Presidency Carlos Flores), recent Newsweek and other stories are causing their strains around here. In this context, if regional Heads of State meeting were to take place in San Jose and President Reagan could drop Doctor Suazo off in San Pedro or La Ceiba on return, staying over for an hour or so, this would be tremendous shot in the arm for our policies here and antidote to some of the recent negative press coverage.