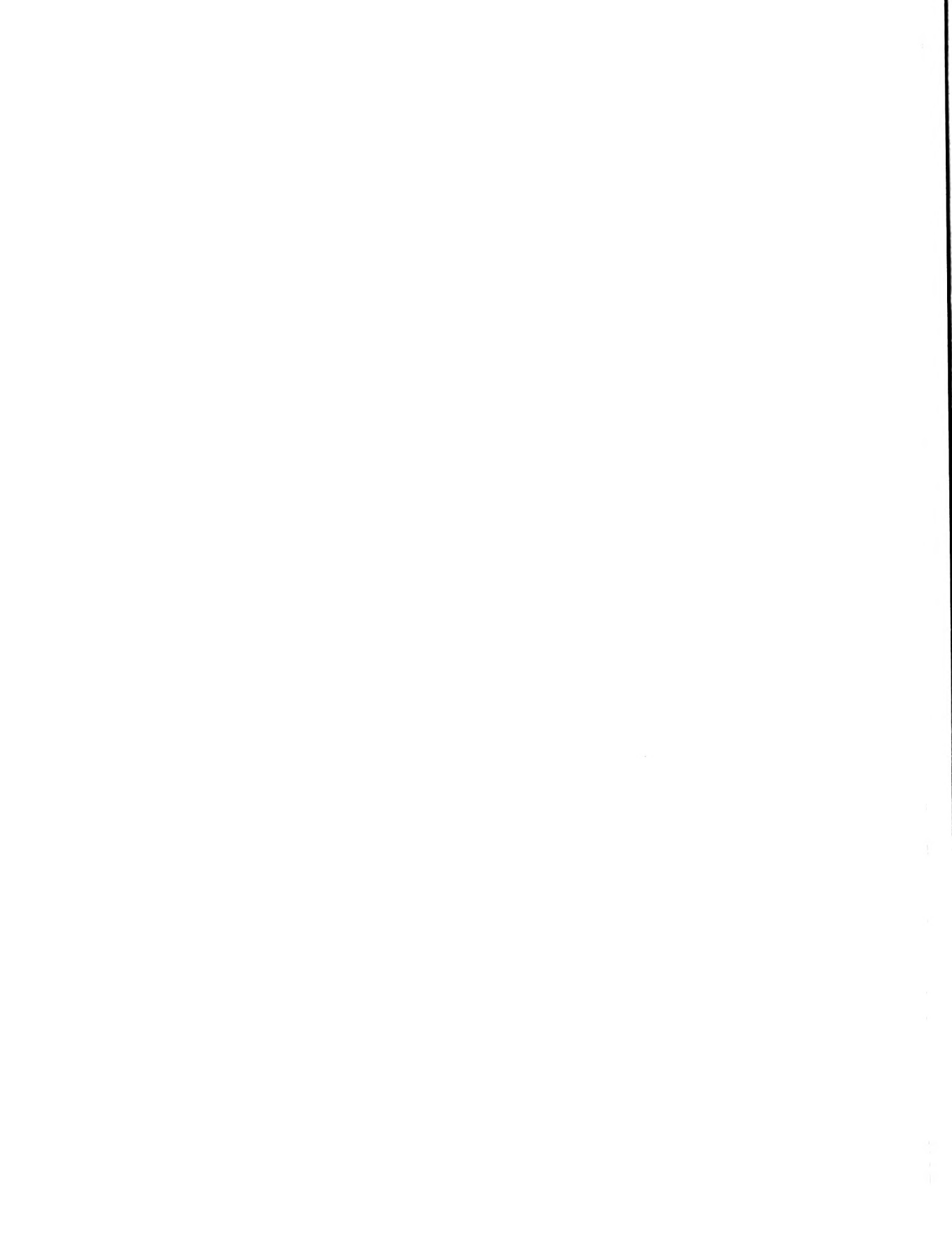


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Jan - June
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INDEX

VOLUME XXX: Numbers 758-783

January 4 - June 28, 1954



February 28, 1956

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Vol. 30
Jan - June
1954

INDEX

Volume XXX: Numbers 758-783, January 4-June 28, 1954

- Able seamen, convention on certification of, U. S. ratification registered, 693
- Advisory Commission on Information, U. S., members, 482
- Afghanistan:
- Export-Import Bank loans, 368, 370, 553, 836
 - U. S. technical aid, 433
 - U. S. wheat shipments, 566, 613
- Africa (*see also individual countries*):
- Administrative divisions, 1954, map, *facing* 716
 - British West Africa, international telecommunication convention, accession deposited, 773
 - Educational exchange program in, 504
 - Foreign Relations* volumes on, released, 328, 966
 - French West Africa, International Bank loan, 992
 - Mutual security program in, 147, 369, 552
 - North Africa, nationalism, U. S. role, 632
 - Territory of South West Africa, international telecommunication convention, ratification deposited, 773
 - Trust territories, administration and progress toward self-government: Article (Gerig), 716; statements (Sears), 298, 336, 453
 - Union of South Africa. *See* South Africa
 - U. S. policy during 1953, articles (Howard), 274, 328, 365
- Agreements, international. *See* Treaties, agreements, etc., and country or subject
- Agricultural policy, U. S., coordination with foreign economic policy:
- Recommendations of Commission on Foreign Economic Policy, 191
 - Recommendations of President to Congress, 605
- Agricultural surpluses, U. S., use in overseas programs:
- Afghanistan, agreement for purchase, 566, 613
 - Agreements regarding, U. S. policy, 239
 - Bolivia, allotments, 468, 488, 489
 - Budget message of President to Congress, 147
 - FOA report (June 30-Dec. 31, 1953), 488
 - France, allotments, 641
 - Italy, allotments, 82, 714
 - Japan, agreement with U. S. for purchase:
 - Agreement and agreed official minutes, 518, 523 (text), 613, 773
 - Interim measures agreement, 613
 - Question of Senate action, 570
 - Jordan, agreement with U. S., 55, 489, 552
 - Netherlands, allotments, 674
 - Norway, allotments, 714
 - Principles and objectives, statement (Waugh), 238
 - Soviet bloc, regulations denying license for export to, 321
 - Agricultural surpluses, U. S., use in overseas programs—
 - Continued
 - Use by voluntary agencies, article (Ringland), 390, 391
 - Yugoslavia, allotments, 714
 - Agriculture, migrant labor agreement with Mexico. *See under* Mexico
 - Aid to foreign countries. *See* Foreign aid
 - Air bases abroad. *See* Bases
 - Air defense arrangement with Canada, statement (Wilson), 639
 - Air Force mission agreement with Chile, extension, 613
 - Air transport. *See* Aviation
 - Aircraft (*see also* Aviation):
 - Convention on international rights in aircraft, 197, 613
 - Soviet aircraft, alleged destruction by U. S. over Manchuria, U. S. and Soviet notes, 408, 410, 412.
 - U. N. Command in Korea, charged with violations of Armistice agreement regarding aircraft, 945
 - U. S. aircraft, attacks on:
 - Czech attack (1954), U. S. and Czech notes, 563
 - Hungarian seizure, U. S. claim before International Court of Justice, 449, 450 (text)
 - Soviet destruction over Sea of Japan, U. S. note, 408, 409
 - Albania:
 - Forced labor in, statements (Hotchkis), 806, 807, 808
 - Greek frontier problem, 276n
 - Monetary gold case, 199
 - U. S. air and naval bases in Greece, protest, 277
 - Aldrich, Winthrop W., address on strengthening Anglo-American ties, 591
 - Alexander, Robert C., duties as Assistant Administrator, Refugee Relief Act, 714, 799
 - Allen, George V.:
 - India, continuance of economic aid to, statement favoring, 759
 - India, growth of freedom in, address, 864
 - Allied Council for Austria, Soviet allegations against Austrian Government to be considered by, 824
 - Allied High Commission for Germany, Patent Appeal Board established, 913
 - Allison, John M., statements:
 - Atomic injury to Japanese seamen, 598
 - Mutual defense agreement with Japan, 518
 - American Attitudes, Foundations of, address (Matthews), 434
 - American republics. *See* Latin America and individual countries

- Americans abroad, article (Colligan), 663
- Americas, organizing security in, address (Dreier), 830
- Anderson, Samuel W., statement on economic progress in Turkey, 284
- Anglo-Egyptian Sudan :
 Controversy, article (Howard), 280
 Elections, address (Sanger), 213
- Anglo-Iranian oil dispute. *See under* Iran
- Antilles, Netherlands. *See* Netherlands
- Applegate, Richard, kidnapping by Chinese Communists, 685
- Arab refugees :
 Addresses: Byroade, 712; Sanger, 210
 Jordan Valley project, benefits to. *See* Jordan River
 Position of Israeli and Arab states, 95, 96, 100, 630, 631
 Special Refugee Survey Commission, U. S., interim report, 95, 210
 U. N. measures to aid. *See* Jordan River *and* United Nations Relief and Works Agency
 U. S. financial aid, 96, 99, 147, 366, 368, 552, 712
- Arab States (*see also individual countries*) :
 Arab refugee problem (*see also* Arab refugees), position on, 95, 96, 100, 631
 Dispute with Israel. *See* Palestine question
 Jordan Valley project. *See* Jordan River
 U. S. economic and technical aid, 147, 551, 552
 U. S. policy, interpretation of, address (Byroade), 711, 712
 U. S. policy during 1953, addresses: Howard, 328; Sanger, 209
 U. S. relations with, statement (Eisenhower), 275
- Archeology, Latin American exhibition of, 677
- Argentina :
 Ecuador-Peru boundary incident, conciliation effort, 468
 Inter-American Conference, 10th, position on declaration against international communism, 420n, 424, 634
 U. S. private investment, 731
- Armaments control (*see also* Atomic energy *and* Disarmament Commission) :
 Conventional Armaments Commission, U. N., 986
 Geneva Conference agenda, 317, 318, 345
 Soviet position, 80, 757, 786, 985, 986, 987, 988
 U. N. Charter review of problems, 172
 U. S. policy, 756, 786, 828, 985
- Armbruster, Raymond T., member, War Claims Commission, 24
- Armed forces. *See* Korea: U. N. Command; *and* North Atlantic Treaty Organization
- Armed forces, U. S. (*see also* Aircraft; Armaments control; *and* Military assistance agreements)
 In Austria, withdrawal. *See* Foreign Ministers' Meeting: Austrian settlement
 Benefits to, message of President to Congress, 77
 In Europe, U. S. policy, 619
 In Germany :
 Tax treatment convention, 653
 Withdrawal, Soviet proposal for, 268, 270
- Indochina, clarification of Vice President's statement, 623
- In Japan, treaties regarding. *See* Japan: Treaties
- In Korea. *See* Korea: U. S. troops
- Prisoners of war. *See* Prisoners of war, Korea
- Armed forces, U. S.—Continued
 Rights on foreign soil, address (Phleger), 198
- Armistice agreement, Korea. *See* Korea
- Armistice agreement, Palestine. *See* Palestine question
- Armour, Norman, opinion on effect of security program on Foreign Service, 169
- Arms, ammunition, and implements of war :
 Arms shipment to Guatemala from Soviet-controlled area, 835, 874, 938, 950
 Export-licensing regulations, 157
 Illegal export, convictions, 567
- Asia, Economic Commission for, statement (Lodge), 849
- Asia, South Asia, and Southeast Asia (*see also individual countries*) :
 Collective security (*see also* Collective security) :
 Addresses and statements: Dulles, 540, 742, 743, 744, 782, 862, 864, 937; Eisenhower, 740; Jernegan, 444, 594
 London and Paris conversations: Joint statements, U. S.-U. K. and U. S.-French, 622; statements (Dulles), 590, 668, 743, 972
 Communist aggression and objectives, addresses and statements: Dulles, 539, 540, 582, 583, 590, 914, 924; Jenkins, 859; McConaughy, 39; Murphy, 430, 431, 432, 515, 516; Nixon, 12; Robertson, 349; Smith, 589, 943
 Japanese trade with Southeast Asia, 431, 517
 Map of Southeast Asia, 741
 Meeting the People of Asia, address (Nixon), 10
 Neutralist sentiment in Asia, 351, 446, 594, 595
 Stassen visit, 333
 U. S. aid, 147, 349, 350, 351, 368, 369, 370, 432, 580
 U. S. policy in South Asia :
 During 1953, articles (Howard), 274, 328, 365
 Statements (Dulles), 209, 210, 214, 274, 275, 327, 580, 781, 923
- Associated States, Indochina. *See* Cambodia, Laos, *and* Viet-Nam
- Asylum, diplomatic and territorial, conventions on, 635
- Atlantic Fisheries, Northwest, International Commission for, appointment of U. S. commissioner, 640
- Atomic disease, visit to U. S. of Japanese expert on, 791
- Atomic energy :
 Development, effect on U. S. foreign policy, address (Wainhouse), 983
 Development, domestic, President's proposed legislative amendments, 306
 Hydrogen-bomb tests in the Pacific :
 Japanese fishermen, U. S. investigation of injuries to, 466, 598
 Marshallese complaint to U. N.: Petition, 887; statement (Lodge), 886
 Statement (Strauss), 548, 926
- International control of :
 "Atoms for Peace" proposals. *See* "Atoms for Peace"
 Baruch plan, 985
 Soviet position, 757
 Statements (Lodge), 687
 U. N. Disarmament Subcommittee: establishment, 687, 987; meeting, 622, 786
 U. S. efforts for control, 756, 786

Atomic energy—Continued

- Peacetime uses (*see also* "Atoms for Peace"):
 - Exhibition in Rome, 982
 - Sharing of nuclear material and tactical information with Allies, U. S. policy:
 - NAC endorsement, 8
 - President's views and messages to Congress proposing legislative amendments, 8*n*, 77, 144, 145, 303
 - Statement (Dulles), 926
- Atomic Energy Act, proposed amendments:
 - Messages of President to Congress, 77, 144, 145, 303
 - Statement (Dulles), 926
- Atomic Energy Agency, International, President Eisenhower's proposal for (*see also* "Atoms for Peace"), 660, 661, 662, 926, 987
- Atomic Energy Commission, U. N., efforts for international control of atomic energy, 985, 986
- Atomic Energy Commission, U. S.:
 - Budget, President's recommendations to Congress, 144
 - Powers and personnel, President's proposed legislative amendments, 303
- "Atoms for Peace" proposals of President Eisenhower:
 - Addresses, statements, etc.: Dulles, 110, 172, 345, 622, 926, 927; Eisenhower, 77, 144, 145, 304; Key, 977; Lodge, 687, 724; Matthews, 437; Strauss, 659; Wainhouse, 987
 - Soviet response to proposals:
 - Statement (Dulles), 9
 - Text of Soviet statement, 80
 - Talks with and transmission of concrete proposals to Soviet Union, 80, 82, 110, 465, 622, 661, 977, 987
- Auerbach, Frank L., address on refugee relief program, 797
- Austin, Warren, statement on question of Japanese admission to U. N., 514

Australia:

- Economy of, improvement, 480
- Fisheries dispute with Japan, address (Phleger), 200
- Geneva Conference, invitation to, 347
- International Bank loan, 480
- International Court of Justice, party to Statute, 613
- Military talks with U. S., 948
- Treaties, agreements, etc.:
 - Double taxation, with U. S., estate, gift, and income, entry into force, 22, 123, 525
 - GATT, declaration on continued application of schedules, signed, 525
 - GATT, third protocol of rectifications and modifications to texts of schedules, signed, 773
 - Mutual defense treaty with U. S., comparison with Korean treaty, 132, 133
 - Postal convention, universal, ratification deposited, 965
 - Sugar agreement, international, ratification deposited, 525
 - Telecommunication convention, international, ratification deposited, 773

Austria:

- Ambassador to U. S., credentials, 443
- Economic improvement, 250, 488
- Neutralization, Soviet proposals at Foreign Ministers' Meeting. *See* Foreign Ministers' Meeting: Austrian settlement

Austria—Continued

- Soviet charges and threats against Government, instruction of Secretary Dulles to U. S. representative on Allied Council for Austria, 824
- State treaty and liberation (*see also* Foreign Ministers' Meeting), address (Eisenhower), 901
- Treaties, agreements, etc.:
 - GATT, action on protocols and declaration, 803
 - Postal convention, universal, ratification deposited, 693
 - U. S. aid, 250, 488
- Auto travel, international. *See* Travel
- Aviation (*see also* Aircraft):
 - Air travel between U. S. and Latin America, address (Woodward), 234
 - Civil aviation talks, U. S. and Canada, 20
 - India, air transport services agreement with U. S., 525
 - International Civil Aviation Organization, work of, 828
 - Japan Air Lines, flights to U. S., 514
 - Military aviation agreement with El Salvador, extension, 693
 - North Atlantic ocean stations program. *See* North Atlantic ocean stations
- Bacteriological warfare charges by Communists against U. S., 724, 976, 986
- Baker, George P., confirmation of appointment to U. N. commission, 686
- Baldwin, Charles F., appointment in State Department, 374
- Balkan Pact, tripartite (Greece, Turkey, Yugoslavia), 248, 276, 365, 441
- Balkans, U. S. voluntary relief, article (Ringland), 383
- Balloons, release of by Crusade for Freedom, U. S. reply to Czech protest, 881
- Bank for Reconstruction and Development. *See* International Bank for Reconstruction and Development
- Bao Dai, message from President Eisenhower upon fall of Dien-Bien-Phu, 745, 835
- Barbour, Walworth, designation in State Department, 966
- Barnet plan for control of atomic energy, 985
- Bases, military, on foreign soil:
 - NATO bases, 557, 558, 561, 579, 592
 - Soviet verbal attacks on, 461
 - U. S. bases in—
 - Ethiopia, agreement for, 871
 - Great Britain, 592
 - Greece, Soviet protests, 277
 - Spain: Address (Dunn), 477; statements (Dulles), 580, 922
- Battle Act. *See* Mutual Defense Assistance Control Act
- Bayar, Celal, visit to U. S., 24, 162, 213, 284:
 - Joint session of Congress, address before, 247
 - Legion of Merit award, toast by President Eisenhower and response, 249
- Beaulac, Willard L., confirmation as U. S. Ambassador to Chile, 298
- Belgian Congo:
 - Road traffic convention, application to, 884
 - Securities, registration requirements, 673

Belgium :

Geneva Conference, invitation to, 347

Securities, registration requirements, 673

Treaties, agreements, etc. :

Double taxation, with U. S., estate taxes, signed, 928, 929

EDC treaty, ratification, 433

German external debts, ratification deposited, 693

Lend-lease, reciprocal aid, surplus property, and claims, settlement for, agreement with U. S. amending memorandum of understanding, 773

Road traffic convention and protocol, ratification deposited, 884

Trust territories in Africa, administration, 719

Bell, James D., statement on sale of vessels to Philippines, 571

Berlin, West, economic reconstruction of, article (Woodward), 584

Berlin blockade, 584

Berlin four-power meeting. *See* Foreign Ministers' Meeting

Bidault, Georges :

Foreign Ministers' Meeting, Berlin, proposals (*see also* Foreign Ministers' Meeting), 179, 180, 227

Indochina and Southeast Asia, joint statement with U. S. on Communist aggression, 622, 743

London Foreign Ministers' Meeting (1953), joint communique on Qibiya incident, 329

Bipartisan foreign policy, statement (Dulles), 801

Black, Richard T., address on telecommunications, 83

Bliss, Robert Woods, opinion on effect of security program on Foreign Service, 169

Boggs, S. Whittemore, address on global relations of U. S., 903

Bogotá, Pact of, 833, 983, 985

Bolan, Merwin L., address on inter-American economic problems, 875

Bolivia, U. S. aid :

Economic and technical aid, 485, 488

Technical cooperation agreement, 567

Wheat allotments, 468, 488, 489

Borneo, U. S. technical aid, 433

Boundary dispute, Peru and Ecuador, conciliation, 468, 678

Bowdler, William G., article on accomplishments of 10th Inter-American Conference, 634

Bowie, Robert R., address on European unity, 139

Boykin, Samuel D., designation in State Department, 694

Brazil :

Coastal shipping :

Four-point improvement program, 952

Proposed sale of U. S. vessels, statements: Nolan, 951; Woodward, 533

Coffee production, price increase in U. S., 257

Economic Development Commission, Joint U. S.-Brazil, 533, 952

Ecuador-Peru boundary dispute, conciliation effort, 468

Film Festival, International, 298

Inter-American Conference, 10th, proposed amendment to declaration against international communism, 425

International Bank loans, 24

U. S. private investment in, 731

Brazil—Continued

Weights and measures convention, adherence deposited, 1001

Bribery allegation regarding friendly foreign power, investigation results, 251

Bricker Amendment to Constitution on treaty-making powers of Federal Government, 195

British Commonwealth. *See* United Kingdom

British Guiana, U. S. technical cooperation survey, 89

Broadcasting :

Programs to Iron Curtain countries; Addresses concerning, 205, 822, 823; Czech countermeasures, 320; popularity ratings, 320

U. S.-Mexican problems, 678

Brotherhood in the World of Today, address (Murphy), 287

Brown, Winthrop G., review of ECE economic survey of Europe, 608

Bruce, David, continuance as Under Secretary of State, 801

Brussels Pact, 312

Buchanan, Wiley T., Jr., confirmation as U. S. Minister to Luxembourg, 298

Buildings, U. S., overseas, establishment of Architectural Advisory Board, 169

Bulgaria :

Greek frontier problem, 276

U. S. air and naval bases in Greece, protest, 277

Burma, evacuation of foreign forces, statements (Carey), 32

Business, influence on American freedom, remarks (Dulles, Eisenhower), 837

Buy American legislation, Federal procurement recommendations, 192, 605, 841

Byroade, Henry A. :

Addresses :

Arab-Israeli dispute, 708, 761

Greece and free world defense, 439

Middle East, U. S. objectives, 628, 710

U. S. colonial policy, 212, 213, 214

Visit to Near East and South Asia, 209, 275

Cabot, John M. :

Economic progress in the Americas, address, 48

Foreign Service, address on understanding, 353

U. S. Ambassador to Sweden, confirmation, 414

Calendar of international meetings, 25, 166, 334, 527, 680, 885

Cambodia :

Atrocity by Viet Minh :

Cambodian note and U. S. reply, 746

Statement (Smith), 783

Communist aggression. *See* Indochina

Independence, progress toward, 359, 432, 539, 582, 742, 784, 863, 924, 948, 972

Cameroons, British, progress toward self-rule, 298, 336, 718

Cameroons, French, French administration, 336, 718

Canada :

Air-defense cooperation with U. S., statement (Wilson), 639

Civil aviation talks with U. S., 20

Fisheries Commission, International North Pacific, 165, 297, 327, 515

Canada—Continued

- Geneva Conference, invitation to, 347
- Governor General (Massey), address before joint session of U. S. Congress, 762
- Investments, foreign and domestic:
 - Addresses: Cabot, 51; Dulles, 381
 - U. S. equity, 121
- Libby Dam, U. S. application for construction, 878
- Niagara Falls remedial project, inauguration, 954
- Oats, limitation on shipments to U. S., 21, 56
- St. Lawrence Seaway. *See* St. Lawrence Seaway
- Trade and Economic Affairs, Joint U. S.-Canada Committee, meeting and communique, 364, 511
- Treaties and agreements:
 - German external debts, ratification deposited, 603
 - Halibut fishery convention, 525
 - Opium protocol, ratification deposited, 884
 - U. N. Disarmament Subcommittee, member, 687, 688
 - U. S. Canadian relations, address (Stuart), 18
- Canal Zone, agreement with Panama regarding use of sewerage facilities, entry into force, 803
- Capital, private, investment abroad. *See* Investment of private capital abroad
- Captive peoples, U. S. policy, statement (Dulles), 824
- Caracas, Declaration of, 425, 634, 639 (text)
- Carey, Archibald J., Jr., statements on evacuation of foreign forces from Burma, 32
- Caribbean area, agreement with U. K. for U. S. technical aid, 653
- Caribbean Commission, U. S. delegation to 18th meeting, 850
- Carillon, Netherlands gift to U. S., 755
- Censorship of the press, addresses and statements: Eisenhower, 701; Hotchkis, 682; Lodge, 849
- Ceylon, Ambassador to U. S., credentials, 443
- Chamber of Commerce, U. S., support to U. N., 826
- Channel Islands:
 - Agreement on German external debts, extension to, 733
 - Postal convention, universal, application to, 693
- Chapin, Selden, confirmation as U. S. Ambassador to Panama, 298
- Charter of the United Nations. *See* United Nations Charter
- Cherbourg, France, Memorial Day ceremonies, 959
- Chihuahua, Mexico, U. S. consulate to be closed, 852
- Children's Fund, U. N.:
 - Accomplishments (1953), 828
 - U. S. contribution to, 366, 371

Chile:

- Ecuador-Peru boundary incident, conciliation effort, 468
- Peso, change in par value, 296
- Treaties and agreements:
 - Air Force mission agreement with U. S., extension, 613
 - Japan, agreement for settlement of disputes arising under art. 15 (a) of peace treaty, entry into force for Chile, 852
 - Japan, peace treaty, ratification deposited, 852
 - U. S. Ambassador, confirmation, 298
 - U. S. private investment, 731

China:

- Addresses and articles:
 - China in the Shadow of Communism (McConaughy), 39

China—Continued

- Addresses and articles—Continued
 - Faith in the Future of China (Robertson), 398
 - U. S. and a Divided China (Jenkins), 859
 - U. S. policy: Jenkins, 624; Martin, 543
- Students in U. S., statement issued at Geneva Conference concerning, 949
- China, Communist:
 - Alliance with Moscow, addresses and articles: Jenkins, 624, 625, 859; Martin, 544, 545
 - Anti-U. S. propaganda, 540, 545
 - Control of mainland, addresses: Martin, 544, 545; Murphy, 430
 - Forced labor, statements: Hotchkis, 807, 808; Lodge, 849
 - Geneva Conference, invitation to, 347
 - Germ warfare charges against U. S., 724, 976, 986
 - Indochina, aggression in. *See* Indochina.
 - Korea, aggression in. *See* Korea
 - Recognition issue, U. S. position, addresses, statements, etc.: Dulles, 343, 345, 346, 347, 405, 540, 541, 669, 739; Jenkins 625, 626, 627, 860, 861, 862; Martin, 544; McConaughy, 40; U. S. delegation at Geneva, 950
 - Soviet attempts for 5-power conference to include Communist China, 81, 181, 182, 183, 222, 223, 292, 346, 404, 405, 739
 - Soviet proposal for membership on U. N. Disarmament Subcommittee, 688
- Trade:
 - Free world trade, FOA report: Requirements, 848; statistics, 847
 - U. N. economic sanctions, 41
 - U. S. export policy, 41, 42, 111, 112, 194, 563, 626, 845, 848, 861
 - U. N. membership, unfitness for, addresses: Dulles, 540; Jenkins, 625, 626, 861, 862; Lodge, 724
 - U. S. citizens: Detention, U. S. efforts for release, 949, 950; kidnapping of journalists, 685
 - Violence by Communists against people of China, address (Nixon), 12, 13
- China, Republic of:
 - Formosa, strategic and political importance, address (Martin), 546
 - Treaties and agreements with U. S. for loans of vessels:
 - Destroyers: Address (Robertson), 398; entry into force, 568
 - Small naval craft, entry into force, 965
 - U. S. support to, addresses, etc.: Dulles, 541; Eisenhower, 76, 144, 147; Jenkins, 627, 862; McConaughy, 39
- Chou En-lai, 222, 223, 807; proposals at Geneva Conference, 940, 941, 942, 943
- Churchill, Sir Winston:
 - Anglo-Iranian relations, address, 280
 - Suez Base negotiations, statement, 281
 - Visit to U. S., proposed, 989, 991
- Civil aviation. *See* Aviation
- Civil defense, President's message to Congress, 78
- Civilians, protection in time of war. *See* Geneva conventions
- Claims:
 - Belgium, agreement with U. S., 733
 - Cuba, U. S. claims in, time extension for submission, 564
 - Egypt, legislation on claims against former dynasty, 112

Claims—Continued

- Foreign Claims Settlement Commission, transmittal to Congress of Reorganization Plan No. 1 for establishment, 811
- Guatemala, U. S. claims for expropriated land, 678, 938, 950
- International Claims Commission, U. S., 401, 811
- Japan, claims arising from presence of U. S. and U. N. forces in, protocol signed, 613
- Norway, agreement with U. S. on conflicting claims to enemy property, 772, 1001
- U. K., meetings with U. S. to discuss conflicting claims to enemy property, 590
- War Claims Commission, U. S., 24, 811
- Clark, Gen. Mark W., statement upon signing of military armistice in Korea, 61
- Clay, Henry J., appointment to International Claims Commission, 401
- Coal and Steel Community, European. *See* European Coal and Steel Community
- Coffee, price increase :
Addresses: Dulles, 381; Smith, 360
Correspondence (Sullivan, Morton), 257
- Collective security (*see also* Mutual defense) :
Addresses and statements: Dreier, 830; Dulles, 459, 464, 921, 937, 971; Murphy, 989; Wainhouse, 984
Asia. *See under* Asia
Ethiopian contributions, 869, 871
Europe. *See* European Defense Community; European treaty for collective security; Foreign Ministers' Meeting; and North Atlantic Treaty Organization
Latin America (*see also* Inter-American Conference and Organization of American States), address (Dreier), 830
Near and Middle East. *See* Near and Middle East
North America, 4, 639
Pacific area (*see also* Mutual defense treaties), 515, 516, 782, 971, 985
Regional arrangements. *See* Regional arrangements
Soviet Union, rejection, 916
- Colligan, Francis J., article on Americans abroad, 663
- Colombia :
Coffee production, price increase in U. S., 257, 360
Geneva Conference, invitation to, 347
Haya de la Torre asylum case, 634
Inter-American Conference, 10th, proposed amendment to declaration against international communism, 420n, 425
U. S. Ambassador, confirmation, 298
- Colonialism (*see also* Pacific trust territory and Underdeveloped areas) :
In the Americas, resolutions of 10th Inter-American Conference, 634
Self-determination of colonial peoples :
Address (Lord), 372
Africa, progress toward, 298, 336, 453, 716
U. S. policy, addresses, statements, etc.: Byroade, 212, 213, 214, 632; Dulles, 212, 275, 717, 936; Gerlg, 717, 720; Sears, 336
- Comintern, activities and dissolution, 420, 421
- Commercial relations, U. S. and other countries. *See* Economic policy and relations; Tariff policy, U. S.; Tariffs and trade, general agreement on; and Trade
- Commercial samples and advertising material, international convention to facilitate importation, accession deposited, Indonesia, 965
- Commercial treaties and agreements (*see also* Trade) :
Bilateral, U. S. and other countries, listed, 443
U. S. and Israel, 442, 803
U. S. and Japan, 154, 514
- Commodity Credit Corp., President's budget recommendations, 147, 238, 239
- Communism (*see also* China, Communist, and Soviet Socialist Republics, Union of :
Asia. *See under* Asia
China, article (McConaughy), 39
Doctrines and methods of operation, addresses, etc.: Dulles, 459, 460, 539, 705, 935, 937; Eisenhower, 900; Jenkins, 859; Murphy, 988
Far East, address (Robertson), 348
Front organizations, 421
Global aggression, addresses, etc.: Dulles, 579, 779, 921; Elbrick, 556, 560
Greece, guerilla campaign, 439
Guatemala. *See under* Guatemala
Indochina. *See* Indochina
International communism (*see also* Inter-American Conference), definition and objectives, 379, 419, 581
Japan, threat to, 431, 515
Korea. *See* Korea
Latin America. *See under* Latin America
Propaganda, 350, 351, 431, 506, 540, 701, 706, 936, 974, 976
Thailand, 974
Threat to free world, addresses, etc.: Byroade, 440; Dulles, 459, 464; Dunn, 478; Eisenhower, 899; Merchant, 819; Morton, 290, 291; Smith, 264, 943
- Conant, James B. :
Efforts to restore interzonal freedom of movement in Germany, 508, 879
Foundations of a democratic future for Germany, address, 750
- Conferences and organizations, international (*see also subject*), calendar of meetings, 25, 166, 334, 527, 680, 885
- Congress :
Arab refugees :
Appropriations for relief, 99
Subcommittee report, 210
Bricker Amendment to Constitution on treaty-making powers of Federal Government, 195
Foreign policy conference at White House, 79
Joint sessions, addresses before :
Emperor of Ethiopia, 867
Governor General of Canada, 762
President of Turkey, 247
- Legislation :
Foreign policy, listed. *See* Legislation
Mexican migrant labor, statement (Eisenhower), 468
Voluntary foreign aid, 386, 387
Legislation, proposed (*see also* Eisenhower: Messages, reports, and letters to Congress) :
Atomic Energy Act, amendments, 77, 144, 145, 303, 926
Copyright laws, amendments, 530, 532
U. S. ships, sale to Brazil for coastal shipping, 533
Mutual defense assistance agreement with Japan, question of need for Senate action, 570

Congress—Continued

- Mutual defense treaty with Korea, transmittal to Senate and approval, 131, 208
- Mutual Security Act (1953), extension, 210
- Presidential messages, etc. *See* Eisenhower: Messages, reports, and letters to Congress
- Senate Investigation Subcommittee, bribery allegation regarding friendly foreign power, results of State Department investigation, 251
- U. N. Charter review, study of. *See* United Nations Charter
- USIA, five-month report to, 414
- Constitution, U. S., Brieker Amendment on treaty-making powers of Federal Government, 195
- Consular convention and supplementary protocol with Ireland, 802, 852
- Consular offices, U. S. *See under* Foreign Service
- Consulates general, Polish, in U. S., closing, 352
- Continental shelf:
 - Doctrine, address (Phleger), 200
 - Economic resources of, action by 10th Inter-American Conference, 636
- Contributions for relief, voluntary, article (Ringland), 384
- Conventional Armaments Commission, U. N., 986
- Copyright arrangement, U. S. and Japan, 514
- Copyright convention, universal:
 - Pakistan, accession deposited, 1001
 - Proposed amendments, statement (Kalljarvi), 530
- Copyright protection, international, statement (Kalljarvi), 530
- Costa Rica:
 - Ambassador to U. S., credentials, 273
 - U. S. Ambassador, confirmation, 298
- Cotton, U. S., credit to Japan for purchase and export, 57
- Cotton Advisory Committee, International, U. S. delegation to 13th plenary meeting, 930
- Coty, René:
 - Correspondence with President Eisenhower upon fall of Dien-Bien-Phu, 745, 835
 - Election as President of France, 47
- Council of Europe, 558
- Crowe, Philip, K., confirmation as U. S. representative, 10th session, Economic Commission for Asia and Far East, 337
- Cruikshank, Earl, tribute to, 826
- Crusade for Freedom, U. S. reply to Czech protest regarding release of balloons, 881
- Cuba:
 - Claims, U. S., time extension for submission, 564
 - Export-Import Bank loan, 479
 - Industrial cooperation with U. S., address (Gardner), 158
 - Nickel production, expansion, 122
 - Treaties, agreements, etc.:
 - GATT, third protocol of rectifications and modifications to texts of schedules, signed, 965
 - Geneva prisoners of war conventions (1949), ratification deposited, 884
 - Postal convention, universal, ratification deposited, 803
 - Sugar agreement, international, ratification deposited, 525

Cuba—Continued

- Treaties, agreements, etc.—Continued
 - War vessels, agreement with U. S. to facilitate informal visits, renewal, 884
 - U. S. private investment, 731, 732
- Cultural Action, Committee for, membership, 638
- Cultural programs, inter-American, resolutions of 10th Inter-American Conference, 637
- Cultural Property in the Event of Armed Conflict, Intergovernmental Conference on Protection of, U. S. delegation, 691
- Cultural relations, inter-American convention for promotion of:
 - Revision, 637, 677
 - Signatories, 803
- Cumming, Hugh S., Jr., confirmation as U. S. Ambassador to Indonesia, 298
- Currency:
 - Convertibility:
 - President's message to Congress, 607, 841, 999
 - Recommendations of Commission on Foreign Economic Policy, 194, 324
 - Price instability in primary commodities, statement (Hotchkis), 726
 - Stability, basis of strong economy, address (Holland), 767
 - Currency, foreign, availability for educational exchange, 889, 890
- Customs, international, automobiles and tourism, standardization and simplification of regulations, 119, 998
- Customs, U. S., administration and procedures for simplification, 192, 220, 604, 842, 998
- Cyprus, statement in U. N. by Greek representative, 276
- Czechoslovakia:
 - Copper shipments from Turkey, 493
 - Crusade for Freedom, U. S. reply to protest regarding release of balloons, 881
 - Flier, request for asylum in Germany, 319
 - Hvasta, John, release, 251, 273
 - International Bank, suspension of membership in, 296
 - Korea, false allegations by Czech member of NNSC against U. N. Command, 941, 944, 977
 - Radio-control measures, 320
 - Soviet domination, 421
 - U. S. aircraft, attack on (1954), U. S. and Czech notes, 563
 - U. S. Ambassador, confirmation, 298
- Davies, John P., security hearing, statement (Dulles), 528
- Davis, Monnett, address (Russell) in tribute to, 207
- Dean, Arthur H.:
 - Geneva political conference:
 - Conference with President of Korea, 708
 - Unavailability for service, 397
 - Panmunjom negotiations for political conference on Korea, addresses: Dean, 15; McConaughy, 404; Nixon, 12
- Debts, German, external, agreement on, 160; current actions, 693, 733
- Debts, German Tripartite Commission for, completion of work and resignation of U. S. delegate, 69
- Defense, Department of, legislative proposals concerning declassification of atomic information, 305, 306

Defense program, U. S. *See* Military program

Dengin, Sergei, 510

Denmark:

- Cultural exhibition in U. S., address (Robertson), 202
- Treaties, agreements, etc.:

 - GATT, third protocol of rectifications and modifications to texts of schedules, signed, 525
 - German external debts, ratification deposited, 693
 - Slavery convention of 1926, protocol amending, signed, 773

- U. S. aid, continuance under Battle Act, 491

Dependent areas (*see also* Colonialism and Trust territories), Soviet policy, 742

Dien-Bien-Phu. *See under* Indochina

Diplomacy (*see also* Foreign Service):

- Contributions of, address (Lodge), 722, 723
- Tasks of, address (Russell), 207

Diplomatic asylum, convention on, 634

Diplomatic relations with Paraguay, resumption, 801

Diplomatic representatives in U. S., presentation of credentials: Austria, 443; Ceylon, 443; Costa Rica, 273; Japan, 465; Jordan, 24; Latvia, 882; Paraguay, 511; Yugoslavia, 624

Disarmament. *See* Armaments control and Atomic energy

Disarmament Commission, U. N.:

- Documents, listed, 888
- Efforts for armaments control, address (Wainhouse), 986
- Subcommittee:
 - Address (Murphy), 786
 - Establishment, resolution, 687, 987
 - Meeting: Proposal for, 622
 - Statements (Lodge), 687
- U. S. deputy representative appointed, 850

Displaced persons. *See* Refugees and displaced persons

Disputes, pacific settlement:

- A basis of U. S. foreign policy, address (Wainhouse), 983
- Proposed Charter amendments on veto regarding, 171, 451

Disputes arising under art. 15 (a) of peace treaty with Japan, agreement for settlement of:

- Chile, entry into force, 852
- Status of actions, by country, 568

Dixon, Donald, kidnapping by Chinese Communists, 685

Dollar position in world economy:

- President's economic reports to Congress, 219, 602
- Report of Commission on Foreign Economic Policy, 188
- Review of ECE economic survey of Europe, 609, 610

Dominican Republic, agreement with U. S. amending vocational education program agreement, entry into force, 929

Dondero, Representative George A., remarks upon signing of St. Lawrence Seaway bill, 796

Dorsey, Stephen P., article on U. S. economic cooperation with Near East, 550

Double taxation, conventions for avoidance of, U. S. policy, 429, 730

Double taxation, conventions for avoidance of, with—

- Australia, estate, gift, and income, entry into force, 22, 23, 525

- Continued
- Belgium, estate, signed, 928, 929
- Greece, estate and income, entry into force and proclaimed, 124, 525
- Japan, estate and income, signed, 692, 733
- Netherlands, request for extension to Antilles, 851
- U. K., income tax, amendment and supplementary protocol, 884, 928

Dowling, Walter C., transmission of U. S. protest to Soviet Union in Khokhlov case, 671, 715

Dreier, John C., address on organizing security in the Americas, 830

Dulles, John Foster:

- Addresses, statements, etc.:

 - Anglo-Egyptian Sudan, 281
 - Atomic Energy Act, amendment of, 926
 - "Atoms for Peace" proposals, statement on Soviet response to, 9
 - Bipartisan foreign policy, 801
 - British Prime Minister and Foreign Secretary, visit to U. S., 990
 - Captive peoples, U. S. policy, 824
 - Collective security, 459, 464, 540, 742, 744, 782, 862, 864, 921, 937, 971, 984, 990; London-Paris conversations on, 590, 622, 668, 743, 972
 - Colonial policy, U. S., 212, 275, 717
 - Communist threat, 379, 419, 459, 460, 464, 539, 579, 582, 583, 590, 705, 779, 914, 921, 924, 935, 937
 - Davies (John P.) security case, 528
 - Disarmament, 986, 987
 - Estonian Independence Day, 364
 - Ethiopia, visit of Emperor to U. S., 871
 - EDC, importance of, 580, 922, 937
 - European migration, 995
 - Forced Labor report, U. N., 422
 - Foreign Ministers' Meeting (*see also* Foreign Ministers' Meeting), 7, 110, 148, 179, 222, 266, 307, 343, 347, 379
 - Foreign policy, evolution of, 107
 - Foreign Service, effect of security program on, 169
 - Free world, U. S. policy of noncoercion, 848
 - Freedom, American, influence of business on, 837, 838
 - Freedom, challenge to, 779, 988
 - Geneva Conference, objectives and results, 317, 346, 513, 542, 590, 622, 623, 668, 669, 704, 739, 781, 924, 947, 990
 - Guatemala, Communist influence in, 873, 950, 981
 - Honduras, strike in, 801
 - Human rights and freedoms, 422, 423, 425
 - India, U. S. economic aid to, 580, 923

- Indochina:
 - Appropriations (1955) for mutual security program, 582, 924
 - Communist aggression and U. S. policy in, 43, 512, 582, 589, 622, 623, 668, 924
 - Geneva Conference consideration of. *See* Geneva Conference
- Inter-American Conference, 10th. *See* Inter-American Conference
- International unity, 935
- Iran, upon presentation of credentials by Ambassador, 280

Dulles, John Foster—Continued

Addresses, statements, etc.—Continued

Iranian oil negotiations, 583

Japan, U. S. aid, 581, 924

Korea:

Geneva Conference consideration of. *See* Geneva Conference

Mutual defense treaty, 133

Prisoners of war, unrepatriated, release, 153

Rehabilitation, 1955 appropriations, 581, 924

U. S. troops, withdrawal, 42

Latin America, technical cooperation program, 1955 appropriations, 581, 923

Latvia, Republic of, upon presentation of letters of appointment of Chargé, 882

Malaya, progress against Communism, 914

Middle East, Near East, and South Asia, U. S. policy, 209, 210, 212, 214, 274, 275, 327, 329, 330, 445, 550, 580, 590, 622, 668, 743, 781, 923, 972

Mutual security program, 1955 appropriations, 579, 921

New Year message, 82

NATO:

Appropriations (1955), 579, 921

Fifth anniversary, 561

Ministerial meeting, NAC, 668

Report on, 3

U. S. policy toward, 937

Pakistan-Turkey treaty of cooperation, 581, 923

Rumania, national holiday, 755

Ryukyu Islands (Amami-Oshima group), U. S. relinquishment of rights under Japanese peace treaty, 17

Security, national and collective, 464

Security in the Pacific, 971

Spain, base arrangement, 580, 922

Thai request for peace observation mission, 974

Turkey, visit of President to U. S., 162

Turkey, visit of Prime Minister to U. S., 879

United Nations, support of, 935

U. N. Charter, review of, 170, 397, 642, 644, 645

U. S. attitude toward free nations, 434

Voluntary foreign aid, 383

Administrative actions:

Immigration and nationality laws, administration of, 23

Inspection service, Department and Foreign Service, reorganization, 774

Philippine-U. S. mutual defense matters, establishment of Council, 973

Soviet allegations against Austrian Government, instruction to U. S. representative on Allied Council, 824

Article on policy for security and peace, 459

Correspondence, messages, reports, etc.:

Anglo-Egyptian Sudan agreement, congratulations to signatories, 281

Belgium, upon ratification of EDC treaty, 433

Educational exchange, transmittal to Congress of semiannual report, 499

Germany, upon ratification of EDC treaty, 554

Haiti, on sesquicentennial of independence, 53

Hvasta release from Czechoslovakia, 273, 479

Dulles, John Foster—Continued

Correspondence, messages, reports, etc.—Con.

Libby Dam, application for construction, 878

Mindszenty imprisonment, 5th anniversary, 47

Mutual defense treaty with Korea:

Message to Senate Foreign Relations Committee upon Senate approval, 208

Report to President, 132

Rumanian Legation publications in U. S., ban on, 48

Tripartite Commission on German Debts, acceptance of resignation of U. S. delegate, 69

Turkish President, visit to U. S., 162

Wriston report, 1002

Discussions and meetings (*see also subject*):

Atomic energy talks with Soviet Union, 110, 465

Foreign policy conference at White House, 79

Tribute from President Eisenhower, 702

Dunn, James Clement, addresses on economic and military agreements with Spain, 476, 960

East-West trade. *See under* Trade

Eban, Abba, statements in Security Council, 330, 331, 332

ECE. *See* Economic Commission for Europe, U. N.

Economic aid to foreign countries. *See* Agricultural surpluses; Export-Import Bank; Mutual security and assistance programs; *and* United Nations: Technical assistance program

Economic and Social Council, Inter-American, recommendations of 10th Inter-American Conference, 636, 676

Economic and Social Council, U. N.:

Consultative status for U. S. and International Junior Chambers of Commerce, 826

Documents, listed, 68, 174, 526, 573, 607, 679, 715, 888, 993

Human Rights Commission, message of President Eisenhower to, 374, 397

Transport and Communications Commission, appointment of U. S. representative on, 686

U. S. representative (Hotchkis):

Confirmation, 337

Statements: Economic policy, U. S., toward underdeveloped countries, 725; forced labor, 804; freedom of information, 682

Work of:

Motor traffic, international, efforts to facilitate, 117, 118, 120

Private foreign investment, resolution recommending measures to attract, 730*n*, 827

Work of 17th session, statement (Lodge), 849

Economic Commission for Asia and the Far East, U. N., statement (Lodge), 849

Economic Commission for Europe, U. N.:

Annual economic survey of Europe, statement (Brown), 608

Statement (Lodge), 849

Economic Cooperation, European Organization for, 189, 557, 558

Economic Development, Committee for, remarks before (Dulles, Eisenhower), 837

Economic Development Commission, Joint Brazil-U. S., recommendations on Brazilian coastal fleet, 533, 952

Economic Policy, Foreign, Commission on. *See* Foreign Economic Policy Commission

- Economic policy and relations, U. S. (see also individual countries) :**
- Aid to foreign countries. *See* Agricultural surpluses; Export-Import Bank; and Mutual security and assistance programs
 - Benefits from U. N. participation, address (Key), 826
 - Cooperation with—
 - Latin America. *See* Latin America
 - Near East. *See* Near and Middle East
 - Underdeveloped areas (*see also* Mutual security and assistance programs), addresses and statements: Hotchkis, 725; Key, 826
 - Domestic economy, addresses and statements:
 - Conditions in U. S. (Waugh), 428, 485
 - Effect on European economy (Brown), 609
 - Foreign misconceptions (Woodward), 235, 236
 - President's messages to Congress, 78, 219
 - Private enterprise system (Holland), 766
 - Economic arrangements agreement with Japan. *See under* Japan: Treaties
 - Economic defense policy, U. S., 491, 843
 - Foreign economic policy (*see also* Foreign Economic Policy Commission) :
 - Address and statement (Waugh), 321, 427
 - President's economic report to Congress (Jan. 1954) 219, 321, 428
 - President's message to Congress embodying recommendation of Foreign Economic Policy Commission (Mar. 1954), 602 (text), 703, 767, 841, 962
 - Trade policies. *See* Tariff policy and Trade
 - ECOSOC. *See* Economic and Social Council, U. N.
 - Ecuador :
 - Export-Import Bank credit, 123, 731
 - International Bank loan, 326
 - Peruvian boundary dispute, conciliation, 468, 678
 - Quito, site of 11th Inter-American Conference, 638
 - Trade agreement with U. S., possible amendment, 173
 - EDC. *See* European Defense Community
 - Eden, Anthony :
 - Anglo-Egyptian Accord, statement, 281
 - German unification plan, proposed at Berlin meeting, 179, 184, 185, 186, 227, 313
 - Indochina and Southeast Asia, joint statement with U. S. on Communist aggression in, 622, 743
 - London Foreign Ministers' Meeting (1953), joint communique on Qibiya incident, 329
 - Visit to U. S., proposed, 989, 991
 - Education :
 - Agreement with Dominican Republic amending vocational education program agreement of 1951, entry into force, 929
 - Opportunities for women, UNESCO report, 649, 650
 - Education and Freedom—Core of the American Dream, address (Eisenhower), 899
 - Educational exchange, U. S. and U. K., address (Aldrich), 591
 - Educational exchange program, international :
 - Addresses: Eisenhower, 902, Riley, 162; Streibert, 205
 - Convention for promotion of cultural relations, revision, 637
 - With Germany, West, 5th anniversary, 272
 - With India, 596
 - Educational exchange program, international—Con.
 - President's budget message to Congress, 145, 146, 147, 148
 - Report on activities under Fullbright Act (Jan. 1–Dec. 31, 1953), 889
 - Semiannual report of State Department (July 1–Dec. 31, 1953), 499
 - Semiannual report of U. S. Advisory Commission, 572
 - Educational Exchange Service, Department of State, studies, 663, 666
 - Edwards, Isaac, retirement from State Department, 774
 - Egypt :
 - Anglo-Egyptian controversy, article on developments in 1953 (Howard), 280
 - Anglo-Egyptian Sudan, elections in, 213
 - Arab refugee problem, 96, 97, 99, 553
 - Claims against former dynasty, legislation on, 112
 - Export-Import Bank loan, 370, 553
 - Jordan Valley project (*see also under* Jordan River), discussions, 913
 - Liberation Day, 281
 - Maritime Consultative Organization, Intergovernmental, convention on, acceptance, 773
 - Shipping restrictions, Israeli complaint, 569
 - Suez Base negotiations, 213
 - U. S. economic and technical aid, 367, 551, 553
 - Eisenbud, Merrill, investigation of atomic injury to Japanese seamen, 598
 - Eisenhower, Dwight D. :
 - Addresses, statements, etc. :
 - Americans traveling abroad, 663
 - Arab states, U. S. relations with, 209, 274
 - Atomic energy proposals. *See* "Atoms for Peace"
 - Austrian state treaty, 308
 - Cooperative Peace through International Understanding, 699
 - Disarmament proposals, 986
 - Education and freedom, 899
 - Ethiopia, toast to Emperor at state dinner, 870
 - EDC treaty: German ratification, 554; Luxemburg ratification, 621; Netherlands action, 142
 - Foreign policy, remarks before U. S. Chamber of Commerce, 702
 - Free world, U. S. policy of noncoercion, 849
 - Freedom, American, influence of business on, 837
 - Geneva Conference, Korean unification and U. S. policy in Southeast Asia, 740
 - Inaugural address, excerpt, 274
 - Korea, reduction of U. S. ground forces, 14, 42, 264, 462
 - Mexican migrant labor, legislation on, 468
 - Normandy landing, anniversary, 959
 - NATO, 5th anniversary, 561
 - Pakistan, military aid to, 401, 447
 - St. Lawrence Seaway bill, 796
 - Technical cooperation program, 873
 - United Nations, need for, 171, 451, 452
 - Unity among free nations, 434
 - Wool import policy, 381, 393
 - Appointment of Eric Johnston on Near East mission, 211, 368
 - Award of Legion of Merit to Turkish President, 249

Correspondence, messages, etc.:

- Atomic energy exhibition in Rome, 982
- Dien-Bien-Phu, messages to President of France and Chief of State of Viet-Nam, 542, 745, 835
- Egypt, Liberation Day, 281
- EDC, U. S. position:
 - Letter to President of France, 991
 - Message to six signatories, 619
- Foreign economic policy:
 - Exchange of correspondence with Charles H. Percy, 841
 - Foreign Economic Policy Commission report, transmittal to executive departments, 195
- France, on EDC and Indochina, 990
- Haiti, on sesquicentennial of independence, 53
- Human Rights Commission, 374, 397
- Iranian Prime Ministers, regarding oil dispute with U. K., 279, 280
- Korea:
 - Custodian Forces, India, tribute to, 334
 - Governors' visit to, 273, 836
- Mindszenty imprisonment, 5th anniversary, 273
- Nehru, explaining U. S. military aid to Pakistan, 400, 447, 594
- Rye imports, investigation, 22
- Saudi Arabia, upon death of King, 213
- Scissors and shears, decision not to increase duty on, 840
- Tung imports, directive to investigate effect on price-support program, 839
- United Nations Day, 771
- Executive orders. *See* Executive orders
- Meetings with Government leaders on Export-Import Bank organization changes, 991
- Messages, reports, and letters to Congress:
 - Atomic energy, development and control, 8, 8*n*, 77, 144, 145
 - Atomic Energy Act, proposed amendments, 303
 - Battle Act, continuance of aid to certain countries, 491
 - Budget message (1953), on mutual security program, 366
 - Budget message (1954), 143, 237, 238, 239, 366*n*
 - Economic report, 219, 321, 428
 - Foreign aid (1953), extension, 210
 - Foreign Claims Settlement Commission, establishment (Reorganization Plan No. 1), 811
 - Foreign economic policy recommendations, 602, 703, 767, 841, 962
 - Mutual defense treaty with Korea, transmittal to Senate, 131
 - Mutual security program, report to Congress (June 30-Dec. 31, 1953), 484
 - Reconstruction Finance Corp., liquidation of certain affairs of (Reorganization Plan No. 2), 813
 - State of the Union message, 75, 274, 371
 - Trade agreements, report on escape clauses, 173
 - Treaty-making functions of Federal Government (Bricker Amendment), letter to Senator Knowland, 195

- Proclamations. *See* Proclamations.
- Tribute to John Foster Dulles, 702
- Views on NATO report by Secretary Dulles, 7
- Eisenhower, Milton, views on private enterprise in Latin America, 159, 235, 360, 381, 764, 991
- Eisenhower exchange fellowships, 591
- El Salvador:
 - International Bank loan, 396, 828
 - Military aviation mission agreement with U. S., extension, 693
 - Telecommunication convention, international, accession deposited, 773
 - Visa fees and tourist and immigration charges, agreement with U. S. for abolishment, 773
- Elbrick, C. Burke:
 - Address on objectives of U. S. policy in Europe, 555
 - Designation in State Department, 966
- Eliot, W. G., 3*d*, article on international motor traffic agreements, 117
- Elizabeth, Queen Mother of England, visit to U. S., 327
- Embargo on East-West trade:
 - China and North Korea, 41, 42, 111, 112, 194, 563, 626, 845, 848, 861
 - FOA report on Battle Act operations, 843
- Enciso-Velloso, Guillermo, credentials as Ambassador of Paraguay to U. S., 511
- Enemy property, conflicting claims to:
 - Agreement with Norway, 772, 1001
 - Discussions with U. K., 590
- Entezam, Nazrollah, designation as Ambassador of Iran in U. S., 280
- Equal pay convention, status, 647
- Equipment, return of, arrangements with Japan, 613:
 - Joint communique, 518
 - Question of Senate action, 570
 - Text, 522
- Escape clauses in trade agreements, report on:
 - Messages of President to Congress, 173, 603
 - Recommendation of Commission on Foreign Economic Policy, 193
- Escapees. *See* Refugees and displaced persons
- Estate-tax conventions. *See* Double taxation
- Estonia:
 - Independence Day, 364
 - Soviet absorption, addresses and statements; Dulles, 267, 269; Merchant, 819, 820; Smith, 942
- Ethiopia:
 - Defense installations, agreement with U. S., 871
 - Emperor Haile Selassie I, visit to U. S., 112, 787:
 - Address before joint session of Congress, 867
 - State dinner at White House, toast, 870
 - Statement (Dulles), 871
 - Export-Import Bank loans, 370, 553, 731
 - Geneva Conference, invitation to, 347
 - International Bank loan, 371, 553
 - U. S. economic and technical aid, 369, 370, 553, 869
- Europe (*see also individual countries*):
 - Captive peoples, statement (Dulles), 824
 - Collective security. *See* European Defense Community; European treaty for collective security; Foreign Ministers' Meeting; *and* North Atlantic Treaty Organization

Europe—Continued

- Division of, statements (Dulles), 268, 312, 313
- Economic conditions in Eastern Europe, 611, 823
- Economic improvement in Western Europe, 189, 220, 250, 485, 557, 580, 608, 844, 922
- Economic survey by ECE, statement (Brown), 608
- Educational exchange program, 503
- Foreign Relations* volumes on, released, 852, 966
- Migration. *See* Intergovernmental Committee for European Migration
- Private investment, U.S. equity in Western Europe, 121
- Refugees. *See* Refugees and displaced persons
- U. S. aid. *See* Mutual security and assistance programs
- U. S. policy objectives, address (Elbrick), 555
- U. S. voluntary relief, article (Ringland), 383
- Unity (*see also* European Coal and Steel Community; European Defense Community; European Economic Cooperation, Organization for; European Political Community; *and* North Atlantic Treaty Organization), address on process of federating Europe (Bowie), 139
- Europe, Council of, 558
- Europe, Economic Commission for:
 - Annual economic survey, statement (Brown), 608
 - Statement (Lodge), 849
- European Coal and Steel Community:
 - Creation and operation, 7, 140, 141, 558
 - Statements (Dulles), 180, 185
 - U. S. loan:
 - Negotiations and communique, 327, 562, 622, 671 (text)
 - Remarks at signing of agreement (Smith, Monnet, Potthoff, Giacchero), 672
- European Defense Community:
 - Addresses, statements, etc.: Bowie, 141; Conant, 750; Dulles, 5, 109, 180, 185, 227, 461, 562, 580, 922, 937; Eisenhower, 7, 76, 143; Elbrick, 558, 559; Lodge, 747; Matthews, 437, 438; Morton, 292, 293, 362; Murphy, 475; Smith, 265
 - NATO ministerial meetings, support of, 8, 670
 - Soviet attacks on, 180, 265, 314, 344, 362, 757, 758, 822, 880
 - U. K. position:
 - Policy statement, 620, 748
 - Statement (Dulles), 185
 - U. S. position (*see also* Addresses, etc., *supra*):
 - Letter of President Eisenhower to President Coty of France, 990
 - Message of President Eisenhower to six signatories, 619, 748
- European Defense Community treaty, ratifications:
 - Belgium, message (Dulles), 433
 - Germany, message and statement (Dulles, Eisenhower), 554
 - Luxembourg, statement (Eisenhower), 621
 - Netherlands, statement and remarks (Eisenhower, Smith), 142, 433
- European Economic Cooperation, Organization for, 189, 557, 558
- European Migration, Intergovernmental Committee for. *See* Intergovernmental Committee for European Migration
- European Political Community, projected, 141, 558
- European treaty for collective security, Soviet proposals for:
 - Proposals of Feb. 10:
 - Draft, 269, 401
 - Statements (Dulles), 267, 379
 - Proposals of Mar. 31:
 - Department views, 562
 - Text, 757
 - U. S. reply, 756
 - Exchange program. *See* Educational exchange program
- Executive agreements. *See* Treaties, agreements, etc., *and country or subject*
- Executive orders:
 - Foreign Service personnel assigned to USIA, 573
 - Mutual Security Act, exemption of functions authorized by, 481
 - OAS, extension of benefits to, 951
 - St. Lawrence Seaway Development Corp., designating Secretary of Defense to direct, 959
- Export-Import Bank:
 - Functions, 382, 606, 728; transfer from Reconstruction Finance Corp., 813
 - Loans to: Afghanistan, 836; Cuba, 479; Ecuador, 123; Japan, 57; Latin America, 237, 731, 769, 770, 877; Near East, South Asia, and Africa, 368, 369, 370, 553, 731; New Zealand, 326
 - Organization changes, proposed, 991
 - Report for 6 months ended Dec. 31, 1953, 89, 479
- Exports, U. S. (*see also* Trade):
 - Communist China, embargo on exports to, 41, 42, 111, 112, 194, 563, 626, 845, 848, 861
 - Export-licensing regulations, 157, 321
 - Hong Kong, liberalization of regulations, U. S., 112, 157
 - North Korea, embargo on exports to, 111, 112, 194, 563, 845
 - Soviet bloc, U. S. policy, 111, 157, 194, 321, 845
 - Strategic materials. *See* Strategic materials
 - War materials, convictions for illegal export, 567
- Exports of tin, controls under international tin agreement, 245
- Expropriation of lands of U. S. company by Guatemala, U. S. claim and proposed arbitration, 678, 938, 950
- Expropriation policies, impediment to foreign investment, 728, 729, 766
- External debts, German, agreement on, 160; current actions, 693, 733
- Facio, Antonio A., credentials as Costa Rican Ambassador to U. S., 273
- Fairless, Benjamin F., statement on labor-management relations, 159
- Far East (*see also individual countries*):
 - Educational exchange program in, 505
 - FOA missions, directors' meeting in Manila, 333
 - Foreign Relations*, volume on, released, 734
 - Military Tribunal. *See* Military Tribunal Far East
 - U. S. military forces in, statements: Dulles, 42, 43; Eisenhower, 14, 42, 264, 462
 - U. S. responsibilities in, address (Robertson), 348
 - U. S. voluntary relief in, article (Ringland), 383
- Farley, John L., U. S. commissioner, Inter-American Tropical Tuna Commission, 640

- Farm labor, migrant labor agreement with Mexico. *See under Mexico*
- Farm surpluses. *See Agricultural surpluses*
- Federal National Mortgage Association, functions, transfer from Reconstruction Finance Corp., 813
- Federal procurement, recommendations for revision of legislation governing, 192, 605, 841
- Ferguson, Senator Homer, remarks upon signing of St. Lawrence Seaway bill, 796
- Fernos-Isern, Antonio, action in U. N., 373
- Film Festival, International, in Brazil, U. S. delegation, 298
- Finance or Economy, Meeting of Ministers of, projected, address (Holland), 764, 765
- Financial stabilization, Korea, U. S.-Korean agreement, 65
- Fine, John S., visit to Korea, 836
- Finland:
- Cultural exhibition in U. S., address (Robertson), 202
 - Slavery convention of 1926, protocol amending, acceptance deposited, 773
- Fisheries Commission, International North Pacific, meeting and headquarters, 165, 297, 327, 515
- Fisheries commissions, international, appointments to, 640
- Fisheries control, international law developments, address (Phleger), 200
- Five-power conference, Soviet attempts for, 81, 181, 182, 183, 222, 223, 292, 346, 404, 405
- Floods, Netherlands, acknowledgement of U. S. aid, 142
- FOA. *See Foreign Operations Administration*
- Food and Agriculture Organization, U. N., work of, 396, 828
- Food-package program abroad, U. S., 489
- Forced labor behind the Iron Curtain, report of U. N. *ad hoc* committee, addresses and statements: Dulles, 422; Hotchkis, 804; Key, 976; Lodge, 849
- Ford, Henry II, statement on U. S. support of U. N. technical aid program, 370, 373
- Foreign aid (*see also Agricultural surpluses; Economic policy and relations, U. S.; Mutual security and assistance programs; United Nations: Technical assistance program; and individual countries*):
- Total since 1941, 366
 - Voluntary aid. *See Voluntary foreign aid*
- Foreign Buildings Architectural Advisory Board, establishment, 169
- Foreign Claims Settlement Commission, transmittal to Congress of Reorganization Plan No. 1 for establishment, 811
- Foreign Economic Policy Commission (Randall Commission), report:
- Addresses, statements, etc.: Brown, 610; Dorsey, 553; Murphy, 517; Robertson, 233, 350; Smith, 265; Waugh, 321
 - Excerpts, 187
 - FOA semiannual report, 847
 - President's economic report to Congress (Jan. 1954), 220, 222
 - President's foreign economic policy recommendations to Congress (Mar. 1954), 602 (text), 703, 767, 841, 962
 - Transmittal to Department heads, 195
- Foreign investments. *See Investment of private capital abroad and Investments*
- Foreign Ministers' Meeting, Berlin:
- Addresses and statements: Byroade, 440; Dulles, 7, 110, 148, 179, 222, 266, 307, 343, 347, 379; Matthews, 437; McConaughy, 402; McLeod, 469; Morton, 292, 362; Murphy, 288, 473, 474, 475; Smith, 265, 358
 - Austrian settlement:
 - Austrian plea for consideration and U. S. reply, 111
 - Soviet proposal, 318
 - Statements, addresses, etc.: Byroade, 440; Dulles, 7, 110, 148, 179, 181, 182, 307, 309, 310, 313, 315; Dulles, post-conference reports, 344, 345, 347; Matthews, 438; McConaughy, 402, 403
 - Buildings for meeting, 110
 - Collective security:
 - Soviet draft proposals for general European treaty, 269, 401; statements (Dulles), 267, 379
 - Statements (Dulles), 180, 184, 225, 226, 227, 267, 311
 - Date of meeting, Soviet postponement, 9, 43
 - European treaty for collective security, Soviet proposal for (*see also European treaty for collective security*):
 - Draft, 269, 401
 - Statements (Dulles), 267, 379
 - Five-power conference, Soviet proposal for:
 - Soviet statement, 81
 - Statements (Dulles), 181, 182, 183, 222, 223, 346
 - Geneva Conference, provision for. *See Geneva Conference*
 - Germany, Soviet proposal for withdrawal of occupation forces:
 - Draft, 270
 - Statements and address: Dulles, 268, 315; McConaughy, 403
 - Germany, unification:
 - Eden proposal, 179, 184, 185, 186 (text), 227, 313
 - Soviet proposals, 224, 224*n*, 228 (text), 265
 - Statements and addresses: Byroade, 440; Dulles, 7, 110, 148, 179, 182, 183, 184, 223, 226, 227, 266, 309, 316; Dulles, post-conference reports, 344, 345, 347; Matthews, 438; McConaughy, 402, 403; Morton, 292; Smith, 265
 - Korean political conference, decision to hold at Geneva. *See Geneva Conference*
 - NAC endorsement of proposed meeting at Berlin, 8
 - Results and significance:
 - Addresses: Dulles, 343, 347; Matthews, 437; McConaughy, 402; McLeod, 469; Smith, 358
 - Quadripartite communique, statement (Dulles) and text, 317
 - Tripartite communique, 318
 - Foreign Operations Administration (*see also Mutual security and assistance programs*):
 - Creation and operation, 489
 - Directors of FOA missions, conferences in Far East, 333; in Latin America, 121
 - Foreign policy:
 - Addresses and statements (*see also subject*): Dulles, 107, 464, 801, 838, 921; Morton, 361; Murphy, 287; Smith, 263
 - Conference at White House, 79
 - Legislation, current. *See Legislation*
 - "Long haul" concept, 3, 109, 263, 363, 462, 559, 580, 922

Foreign Relations of the United States, volumes published.

- See under Publications*
- Foreign Scholarships, Board of, responsibilities in educational exchange programs, 893
- Foreign Service (*see also* State Department):
- Administration of immigration and nationality laws, regulation on, 23
 - Appointments and confirmations, 298, 337, 694
 - Chancery in Pakistan, construction, 760
 - Consular offices:
 - Mexico, reorganization, 852
 - Puerto Cortes, Honduras, closing, 654
 - Davies (John P.) case, statement (Dulles), 528
 - Inspection system, 774
 - Personnel, Public Committee on, formation and 1st meeting, 413; report, 1002
 - Personnel assigned to USIA, 573
 - Problems and need for public support, address (Cabot), 353
 - Resignation of Warren Lee Pierson as U. S. delegate to Tripartite Commission on German Debts, 69
 - Role in diplomacy, address (Russell), 207
 - Security program, 169, 469
 - Selection Boards, meeting and membership, 529
 - Tributes to, 263, 287, 353, 360, 722
 - Wriston report, correspondence (Dulles, Wriston), 1002
- Foreign Service Institute, strengthening, 1003
- Foreign students in U. S. *See* Educational exchange
- Foreign trade. *See* Trade
- Formosa. *See* China, Republic of
- Four-power meeting, Berlin. *See* Foreign Ministers' Meeting
- France:
- Cameroons, administration as trust territory, 336, 718
 - Cherbourg, Memorial Day ceremonies, 959
 - Disarmament:
 - Efforts in U. N., 986
 - Member, U. N. Disarmament Subcommittee, 687, 688
 - East-West trade talks with U. S. and U. K., 563
 - European Defense Community, position on. *See* European Defense Community
 - Foreign Ministers' Meeting in Berlin. *See* Foreign Ministers' Meeting
 - Freight handling, study of U. S. methods under technical aid program, 272
 - French West Africa, International Bank loan, 992
 - Geneva Conference. *See* Geneva Conference
 - Germany:
 - Efforts to restore interzonal freedom of movement, 508, 879
 - Patent Appeal Board, membership, 913
 - Germany, East, joint declaration on Soviet claim for "sovereignty" of, 588
 - Indochina. *See* Indochina
 - Jordan Valley project, draft resolution in Security Council, 58, 59, 297
 - Military talks with U. S., 948
 - Moroccan situation, addresses: Howard, 332; Jenkins, 632; Sanger, 213
 - Normandy, anniversary of Allied landing, statement (Eisenhower), 959
 - President, election, 47

France—Continued

- Togoland, administration as trust territory, 716, 718
 - Tribute to fighting forces (Lodge) (*see also* Indochina: Dien-Bien-Phu), 747
 - Tunisian situation, address (Howard), 332
 - U. S. economic and technical aid, 272, 491, 641
- Free enterprise system, American (*see also* Private enterprise), remarks (Dulles, Eisenhower), 837
- Free world unity, maintenance of, statements (Dulles), 583, 921
- Freedom, challenge to, address (Dulles), 779, 988
- Freedom, individual, basic philosophy of U. S., statement (Waugh), 427
- Freedom, influence of business on, remarks (Dulles, Eisenhower), 837
- Freedom and education, address (Eisenhower), 899
- Freedom and human rights, message to Human Rights Commission (Eisenhower), 374, 397
- Freight handling, French study of U. S. methods, 272
- French, John C., designation in State Department, 774
- French West Africa, International Bank loan, 992
- Fukuryu Maru*, Japanese ship, radioactivity from Marshall Islands detonation, 466, 598
- Fulbright Act. *See* Educational exchange program
- Gardner, Arthur, address on U. S.-Cuban industrial cooperation, 158
- GATT. *See* Tariffs and trade, general agreement on Gaza, Arab refugee problem, 96, 97, 99, 553
- General Assembly, U. N. (*see also* United Nations):
- Burma, evacuation of foreign forces, statements (Carey), 32
 - Documents, listed, 34, 67, 131, 174, 526, 607, 715, 888
 - Germ warfare charges against U. S. by Communists, disapproval, 976
 - Increase in powers (*see also* "Uniting for Peace" resolution), 252, 253, 395, 644
 - Indian attempt to reconvene 8th session, 256
 - Moroccan situation, action on, 332
 - Palestine question, action on. *See* Jordan River and Palestine question
 - Relationship to Administrative Tribunal, request for advisory opinion of Court in U. N. awards case, 34, 199, 482, 963
 - Trusteeship problems, resolutions on, 719
 - Tunisian situation, action on, 332
 - U. S. representatives at 8th session, list of statements, 34
 - Voting procedure, proposed changes, 172
- Geneva Conference (1954):
- Berlin quadripartite communique providing for conference, 317, 347
 - Chinese students in U. S., statement by U. S. delegation, 949
 - Dean, Arthur H., unavailability for Geneva Conference, 397
 - Indochina phase, discussions for restoration of peace:
 - Addresses, statements, etc.: Dulles, 346, 513, 739, 947; Eisenhower, 740
 - Armistice proposals, French:
 - Statements: Dulles, 744, 782; Smith, 784
 - Text, 784

Geneva Conference—Continued

- Indochina phase, discussions for restoration of peace—Continued
 - Armistice proposals, Viet Minh, statement (Dulles), 781
 - Basic issues, statement (Smith), 942
 - Consultations and joint statements, U. S.-U. K. and U. S.-French, 590, 622, 623, 668
 - Participants, statement (Smith), 783
 - Viet Minh and Communist charges against U. S., statements (Smith), 783, 942
- Korean phase:
 - Addresses, statements, etc.: Dulles, 542, 668, 669, 704, 739, 947; Eisenhower, 740; Jenkins, 626, 627; Key, 395, 977; Martin, 543; McConaughy, 403, 404; Murphy, 432, 475; Smith, 915, 940
 - Conference between President Rhee and Ambassador Dean regarding, 708
 - Foreign Ministers' Meeting, Berlin, proposals for political conference, 317, 318, 345, 346, 347, 404
 - Free elections:
 - North Korean proposals, statement (Smith), 940
 - South Korean proposals, 918
 - Invitations, 317
 - Sixteen-nation declaration, 973
- Objectives:
 - Addresses, statements, etc.: Dulles, 317, 343, 346, 513, 542, 590, 622, 623, 668, 669, 704, 739; Eisenhower, 703, 740; Jenkins, 860; McConaughy, 404, 405; Smith, 744
 - Results, statements (Dulles), 781, 924, 947, 990
 - Thai appeal to U. N. for peace observation mission, question of effect on Conference, 936
 - U. S. citizens detained in Communist China, discussions for release of, 949, 950
 - U. S. Delegation, 669, 670
- Geneva conventions on treatment of prisoners of war, wounded and sick, and civilians (1949):
 - Address (Phleger), 201
 - Current actions on, 773, 884, 1001
- Genocide convention:
 - Soviet ratification deposited, 884
 - Summary of action on, 882
- Geographical misconceptions, address (Boggs), 903
- Georgescu boys, freed by Rumania, 640
- Gerig, Benjamin, article on African trust territories, 716
- Germ warfare charges by Communists against U. S., disapproval, 724, 976, 986
- German Debts, Tripartite Commission for, completion of work and resignation of U. S. delegate, 69
- Germany:
 - Berlin:
 - Economic reconstruction in West Berlin, article (Woodward), 584
 - Foreign Ministers' Meeting. *See* Foreign Ministers' Meeting
 - Czech flier, request for asylum in U. S. zone, 319
 - Democratic future for, address (Conant), 750
 - Educational exchange program with West Germany, 5th anniversary, 272
 - EDC participation:
 - Desirability of, 109, 227, 580, 922

Germany—Continued

- EDC participation—Continued
 - Ratification of EDC treaty, 554
 - Soviet views, 758
- Foreign policy documents, 1918-45*, 8th volume, released by State Department, 1005
- Free elections and unification, proposals for. *See* Foreign Ministers' Meeting
- Interzonal freedom of movement, Allied efforts to restore, 508, 879
- Korea, Red Cross hospital for, 270, 568
- NATO participation, question of, 561, 562
- Occupation forces, Soviet proposals for withdrawal.
 - Addresses and statements: Dulles, 268, 315; McConaughy, 403
 - Draft proposals, 270
- Patent Appeal Board, establishment by Allied High Commission, 913
- Rearmament (*see also* European Defense Community and Foreign Ministers' Meeting), addresses: Bowie, 141; Dulles, 5, 6, 109; Morton, 292
- Refugees:
 - East German, flight to the West, 206, 225, 754, 787, 825
 - Migration to U. S. under Refugee Relief Act, 799, 800
- Securities:
 - Belgian securities in, Belgian registration requirements, 673
 - Restoration of U. S. trading in, 159
- Soviet assassination plots, 671
- Soviet claim of "sovereignty" for East Germany, 511, 588, 670, 825
- Soviet objectives, address (Conant), 754
- Soviet system for "free" elections, 224, 266, 341
- Treaties, agreements, etc.:
 - EDC treaty, and convention on relations with Federal Republic, ratification by Federal Republic, 554
 - German external debts, agreement on, 160; current actions, 693, 733
 - Red Cross hospital for Korea, agreement between U. S. and Federal Republic, 270, 568
 - Relations between the three powers and the Federal Republic, ratification deposited, 653
 - Tax treatment of armed forces in Germany, ratification deposited by Federal Republic, 653
 - Unification. *See* Foreign Ministers' Meeting
 - U. S. food parcels for East Germany, 489
- Giacchero, Enzo, remarks upon U. S. loan to European Coal and Steel Community, 672
- Gibson, Hugh, statement at 7th session of Intergovernmental Committee for European Migration, 994
- Gift-tax convention, U. S. and Australia, entry into force, 22
- Gilliland, Whitney, member, War Claims Commission, 24
- Global relations of the U. S., article (Boggs), 903
- Gold Coast, self-rule, 336, 717, 718
- Gottwald*, Polish ship, U. S. rejection of Polish charge of interception, 824
- Governors, U. S., visit to Korea, 273, 836
- Grant-aid. *See* Mutual security and assistance programs
- Greece:
 - Air and naval bases, U. S., Soviet protest, 277

Greece—Continued

- Border disturbances: Albanian, 276*n*; Bulgarian, 276;
U. N. observation, 978
- Children, repatriation, 276
- Cyprus, statement in U. N. by Greek representative, 276
- Export-Import Bank loan, 370
- Geneva Conference, invitation to, 347
- Greece and Free World Defense, address (Byroade),
439
- King and Queen, visit to U. S., 276
- Migration to U. S. under Refugee Relief Act, address
(Auerbach), 797
- NATO membership, 277, 440, 441
- Treaties, agreements, etc.:
 - Postal convention, universal, ratification deposited,
803
 - Tax conventions with U. S., income and estate, entry
into force and proclaimed, 124, 525
 - Tripartite Balkan Pact (with Turkey and Yugo-
slavia), addresses and articles on, 248, 276, 365, 441
 - U. S. aid, 366, 367, 439, 440, 674
- Green, Senator Theodore F., member, U. S. delegation, 10th
Inter-American Conference, 383, 430
- Grevenstein, J. A. U. M. van, conferences on Netherlands
refugee problem, 744
- Grew, Joseph C., opinion on effect of security program on
Foreign Service, 169
- Gross, Ernst, memorandum as Swiss member, NNSC,
Korea, 941, 944
- Gross, John E., member, U. S.-Mexican Migratory Labor
Commission, 565
- Gruber, Karl, credentials as Austrian Ambassador to U. S.,
443
- Guatemala:
 - Communism in:
 - Address and statement: Dulles, 873, Smith, 360
 - Charges of U. S. intervention, 251
 - Foreign ministers, question of meeting to consider,
950, 981
 - Guatemalan position on international communism,
419, 420*n*, 429, 634, 834, 873, 938
 - Revolt against Communist intervention, Department
statements, 981
 - Expropriation of land of United Fruit Co., U. S. claim
and proposed arbitration, 678, 938, 950
 - Honduras, Communist activities in, 801
 - Soviet arms shipment to, 835; statements (Dulles),
874, 938, 950
 - U. S. Ambassador, confirmation, 298
- Guinea, Spanish, application of World Meteorological Or-
ganization convention to, 733
- Gunewardene, R. S. S., credentials as Ambassador of
Ceylon to U. S., 443
- Hagerty, James C., statements:
 - Foreign Economic Policy Commission report, 195
 - Foreign policy conference at White House, 79
- Hahn, Mrs. Lorena B., statements in U. N. on status of
women, 646
- Haile Selassie I. *See* Ethiopia
- Haiti:
 - GATT, third protocol of rectifications and modifications
to texts of schedules, signed, 852

Haiti—Continued

- Independence, sesquicentennial, 53
- Visual and auditory materials, agreement for circula-
tion of, acceptance deposited, 965
- Halibut fishery convention with Canada, 525
- Halpern, Philip, designation on U. N. Minorities Sub-
commission, 59
- Hammarskjold, Dag, annual report on U. N., 275
- Haya de la Torre asylum case, Colombia and Peru, 634
- Health Organization, World. *See* World Health Organi-
zation
- Helberg, A. G., remarks, Memorial Day ceremonies at
Cherbourg, 959
- Hemisphere projections, article (Boggs), 903
- Hensel, H. Struve, address on foreign trade and military
policy, 919
- Hickenlooper, Senator Bourke B., member, U. S. delega-
tion, 10th Inter-American Conference, 383, 430
- Hill, Robert C., confirmation as U. S. Ambassador to
Costa Rica, 298
- Hilles, Charles D., Jr., appointment as special legal ad-
viser to U. S. High Commissioner for Germany, 694
- Ho Chi-Minh, activities in Indochina, 539, 543, 582, 740,
924, 937
- Hoagland, Warren E., U. S. representative, negotiations
on surplus property payments, 338
- Holland, Henry F.:
 - Addresses: Economic relations with Latin America,
764, 953; Pan American Day, 675, 677
 - Assistant Secretary for Inter-American Affairs, con-
firmation, 413
 - Delegate, 10th Inter-American Conference, 383, 436
 - Member, Railway Congress commission, 963
- Honduras:
 - Communist-inspired strike, 801
 - Puerto Cortes, U. S. consular agency closed, 654
 - Treaties, agreements, etc.:
 - Maritime Consultative Organization, Intergovern-
mental, signed, 773
 - Military assistance agreement with U. S., 851, 1001
 - Wheat agreement, international, acceptance depos-
ited, 851
 - U. S. Ambassador, confirmation, 337
- Hong Kong:
 - U. S. emergency relief for fire victims, 87
 - U. S. export policy, 112, 157
- Hoover, Herbert, Jr., study of Anglo-Iranian oil dispute,
214, 280
- Hospital for Korea, German Red Cross, agreement, 270,
568
- Hotchkis, Preston:
 - Statements in U. N.:
 - Forced labor behind the Iron Curtain, 804
 - Freedom of information, 682
 - U. S. economic policy toward underdeveloped coun-
tries, 725
 - Tribute to, 849
 - U. S. representative, ECOSOC, confirmation, 337
- Housing, resolutions of 10th Inter-American Conference,
636
- Howard, Harry N., articles on U. S. policy during 1953
in Near East, South Asia, and Africa, 274, 328, 365
- Hubbard Medal replica award in Everest conquest, 472

- Hughes, William P., designations in State Department, 774, 966
- Hull, Cordell, recommendations to control relief contributions (1941), 384
- Hull, Gen. John E., efforts for release of nonrepatriated prisoners of war, Korea :
Exchange of correspondence with chairman, NNRC, 90, 113, 115, 153, 154
Statements, 90, 152
- Human rights and fundamental freedoms :
Address (Lord), 372
Declaration of Caracas, 425, 634, 639
Message to Human Rights Commission (Eisenhower), 374, 397
Resolutions of 10th Inter-American Conference, 636, 637
Statements at Caracas (Dulles), 422, 423, 425
Violation (*see also* Forced labor), persecution of Jews in Rumania, 914
- Hungary :
Mindszenty imprisonment, 47, 273
Sugar agreement, international, deposit of accession, 525
U. S. plane incident (1951), U. S. application to International Court of Justice, 449, 450
- Ilyasta, John, release from Czech imprisonment :
Department statement, 251
Letter and reply (Ilyasta, Dulles), 478
Message (Dulles), 273
- Hydrogen-bomb tests in the Pacific. *See under* Atomic energy
- Iceland :
Defense agreement with U. S., agreement on implementation of, 884
Fisheries dispute with U. K., address (Phleger), 200
- Iguchi, Sadao :
Credentials as Japanese Ambassador to U. S., 465
Guest of honor, Japan Society meeting, 513, 514
- I.L.O. *See* International Labor Organization
- Immigration into Israel, address (Byroade) and Israeli protest, 711, 761
- Immigration into U. S. (*see also* Refugees and displaced persons) :
Administration of immigration and nationality laws, Federal regulations, 23
Netherlands, 714, 798
Refugee Relief Act, operation, address (Auerbach), 797
U. S. policy, address (Maney), 599
- Imports (*see also* Trade) :
Commercial samples and advertising material, international convention to facilitate importation, Indonesian accession deposited, 965
Europe, annual economic survey by ECE, 608
Japan. *See* Japan : Trade relations
U. K. Token Import Plan, extension, 123
U. S. (*see also* Tariff policy, U. S.) :
Coffee, 257
Rye: Investigation, 22; proclamation establishing quota, 567
Scissors and shears, duty not to increase, 840
Tung oil and nuts, investigation of effect on price-support program, 839
Wool, statement (Eisenhower), 381, 393
- Income tax :
Conventions for avoidance of double taxation. *See* Double taxation
Pakistan, exemptions for visiting businessmen, 158
- India :
Air transport services agreement with U. S., termination, 525, 526
Atomic control, position, 687, 688, 689
Educational exchange with U. S., 596
General Assembly, U. N., attempt to reconvene 5th session, 256
Growth of freedom in, address (Allen), 864
International Bank loans, 368, 371, 396, 828
Kashmir problem. *See* Kashmir
Military Tribunal Far East, protest against exclusion from participation in decisions regarding persons sentenced by, 802
Pakistan, U. S. military aid, Indian objection to :
Addresses: Allen, 866; Jernegan, 446, 447, 448, 593, 594, 595
Letter explaining (Eisenhower to Nehru), 400, 447, 594
Prisoners of war, Korea, custody for repatriation. *See* Prisoners of War, Korea
Rihand Dam project, 597
Tariff concessions, GATT, request for renegotiation, 406
U. N. trust territories, position on, 717, 720
U. S., relations with, address (Jernegan), 593
U. S. private investment, 596, 731
U. S. technical and economic aid :
1941-53, 366, 367
Addresses: Jernegan, 596; Murphy, 433
Budget recommendations to Congress for 1955 :
President's recommendations, 147, 401
Statements: Allen, 759; Dulles, 580, 923
FOA report, 485
Locust and malaria control, 597, 598
Railway system, 88
Rihand Dam project, 597
Steel agreement, 156, 369
Technical training centers, 597
- Indochina, Associated States, progress toward independence, 359, 432, 539, 582, 742, 863, 924, 937, 972
- Indochina, Communist aggression in (*see also* Geneva Conference: Indochina phase) :
Cambodia, atrocity by Viet Minh :
Cambodian note and U. S. reply, 746
Statement (Smith), 783
- Collective defense (*see also* Asia: Collective security) :
Address and statements (Dulles), 540, 742, 782, 862, 948, 972
London and Paris conversations: Joint statements, U. S.-U. K. and U. S.-French, 622; statements (Dulles), 590, 623, 668, 743, 972
- Dien-Bien-Phu :
Defenders of, tributes to: Dulles, 512, 582, 590, 668, 739, 742, 743; Eisenhower, 542; Lodge, 748; Smith, 590
Fall of, exchange of messages (Eisenhower-Coty and Eisenhower-Bao Dai), 745, 835
Wounded, evacuation, 783

Indochina, Communist aggression in—Continued

Restoration of peace, attempts for. *See* Geneva Conference: Indochina phase

United Nations, question of action by, 863, 936

U. S. financial and material aid:

FOA report, 487

Statements: Dulles, 512, 582, 742, 744, 784, 924, 972; Nixon, 12; Smith, 360, 589

U. S. policy:

Addresses, statements, etc.: Dulles, 43, 108, 363, 462, 463, 512, 539, 582, 742, 924, 937, 948, 972; Eisenhower, 702; Elbrick, 560; Jenkins, 626, 860; Murphy, 432; Smith, 359, 589

Letter of President Eisenhower to President Coty of France, 990

Messages of President to Congress, 76, 144, 147

U. S. forces, clarification of statement of Vice President Nixon, 623

Indonesia:

Convention to facilitate importation of commercial samples and advertising material, accession deposited, 965

Member of International Monetary Fund and International Bank, 640, 803

U. S. Ambassador, confirmation, 298

U. S. technical aid, 432

Information, freedom of, addresses and statements: Eisenhower, 699; Hotchkis, 682; Lodge, 849

Information, U. S. Advisory Commission on, members, 482

Information Agency, U. S., overseas program:

Addresses: Eisenhower, 701; Streibert, 205; Woodward, 236

Exchange activities of State Department, coordination with, 499, 592, 572

Foreign Service personnel, functions regarding, 573

President's budget recommendations to Congress, 145, 146, 147, 148

Report to Congress, 414

Inspection Service, Department of State, 774

Inter-American Conference, 10th, at Caracas:

Agenda, 130

Declaration of Caracas, 425, 634, 639 (text)

Declaration of solidarity against international Communist intervention:

Addresses: Dreier, 834; Holland, 676

Amendments to proposed declaration, 423, 424, 425, 634
Pravda editorial, 380

Statements (Dulles), 419, 423, 429, 466, 581, 873, 923, 938

Text, 420, 638

Economic problems of the Americas, addresses and statements: Dulles, 425, 426; Holland, 764, 765; Smith, 360; Waugh, 427

Inter-American unity, address (Dulles), 379

International communism (*see also* Declaration of solidarity, *supra*):

Definition and objectives (Dulles), 379, 419

Guatemalan position, 419, 420*n*, 429, 634, 834, 873, 938

Results, addresses, statements, etc.: Bowdler, 634; Dulles, 429; Holland, 676

Site of 11th Inter-American Conference named, 638

U. S. delegation, 383, 430

Inter-American cultural relations, convention for promotion of:

Revision, 637, 677

Signatories, 803

Inter-American Defense Board, work of, 833

Inter-American Economic and Social Council, recommendations of 10th Inter-American Conference, 636, 676

Inter-American Juridical Committee, functioning and composition, 638

Inter-American treaty of reciprocal assistance (Rio Pact):
Addresses, statements, etc. (Dulles), 312, 379, 425, 460, 466, 874

Basis for collective security in the Americas, addresses: Dreier, 830; Wainhouse, 985

Pattern for NATO, address (Murphy), 785

Question of invocation in Guatemalan situation, statement (Dulles), 874

Inter-American Tropical Tuna Commission, appointment of U. S. commissioner, 640

Intergovernmental Committee for European Migration:
6th session: Article (Warren), 26; U. S. delegation, 29

7th session: Article (Warren), 994; U. S. delegation, 691

International Bank for Reconstruction and Development:
Functions, 382, 606, 728

Indonesia, member, 640, 803

Loans: Australia, 480; Brazil, 24; Ecuador, 326; El Salvador, 396, 828; Ethiopia, 371, 553, 731; French West Africa, 992; India, 368, 371, 396, 828; Iraq, 371, 553; Latin America, 237, 769; Norway, 640; Pakistan, 371, 991; Turkey, 286, 371, 407, 551, 553

Report as of *Dec. 31, 1953*, 296

Report for 9 months ended *Mar. 31, 1954*, 761

U. S. contributions to capital of, 370

International Civil Aviation Organization (*see also* North Atlantic ocean stations), work of, 828

International Claims Commission, U. S., 401, 811

International Court of Justice:

Address (Phleger), 199, 200

Statute, parties to: Australia, 613; Japan, 733; San Marino, 613

U. N. awards case, advisory opinion requested on relationship between General Assembly and Administrative Tribunal, 34, 199, 482, 963

U. S. aircraft case against Hungary and Soviet Union (1951), U. S. application to Court, 449, 450 (text)

International Joint Commission (U. S. and Canada):

Libby Dam, U. S. application for construction, 878

Niagara Falls remedial project, 954

International Labor Conference, 37th session, U. S. delegation, 929

International Labor Conference, Governing Body:

Soviet membership denied, 980

U. S. representative to meeting, 850

International Labor Organization:

Equal pay for men and women, report on, 647, 648, 649

Forced labor report, U. N. *See* Forced labor

Salaried Employees and Professional Workers, U. S. delegation to 3d session, 772

Soviet reversal of policy toward, 828, 829, 980

International law:

Possibility of U. N. Charter revisions, statement (Dulles), 172

Recent developments in, address (Phleger), 196

- International Law Commission, address (Phleger), 199
- International Materials Conference, termination, 60
- International military headquarters, protocol on status of, status and actions on, 694, 1001
- International Monetary Fund, Indonesian membership, 640, 803
- International organizations and conferences (*see also subject*), calendar of meetings, 25, 166, 334, 527, 680, 885
- International Organizations Immunities Act, extension of benefits to OAS, 951
- International Telecommunication Union, address (Black), 83
- International unity, address (Dulles), 935
- Investment of private capital abroad :
 Advantages, 486, 727
 ECOSOC resolution recommending measures to attract, 730*n*, 827, 849
 European Coal and Steel Community, future needs, 671
 Impediments to, 728, 789
 Latin America, addresses and statements: Bohan, 877; Bowdler, 635; Cabot, 50, 356, 357; Dulles, 382, 427; Gardner, 159; Holland, 767, 768, 769, 770; Hotchkis, 728, 731; Smith, 360; Waugh, 428, 429; Woodward, 235, 237
 Middle East, impediments, 789
 Role of government, address (Holland), 766
 Spain, address (Dunn), 478
 Turkey, new legislation, 285*n*, 486, 551
 U. S. encouragement, statement (Hotchkis), 729
 U. S. investment :
 Canada, 51, 121, 381
 Earnings (1952), 120
 India, 596
 Latin America, 121, 159, 235, 360, 382, 728, 731, 769, 877
 Liberia, 728
 Soviet false charges, 730
 Spain, 478
 Tax incentives. *See* Tax incentives
 Venezuela, 728
- Investments :
 Berlin, need for investment aid, 585
 Japan, guaranty of investments, agreement with U. S., 518, 519, 524 (text), 570, 613, 773
 Korea, agreement for financing the investment program, 66
- Iran :
 Anglo-Iranian oil dispute :
 Developments in 1953, article (Howard), 279
 U. S. efforts to settle, 214
 Export-Import Bank loan, 370
 German external debts, agreement on, ratification deposited, 693
 Oil negotiations with private companies, 583
 U. S. economic, technical, and military aid, 147, 280, 366, 367, 432, 433, 488, 551, 552, 553, 582
- Iraq :
 International Bank loan, 371, 553
 U. S. economic and technical aid, 367, 551, 962
 U. S. military assistance, agreement for, 772
- Ireland :
 Consular convention and supplementary protocol with U. S., exchange of ratifications and entry into force, 802, 852
 German external debts, agreement on, ratification deposited, 693
- Islamic Culture, Colloquium on, 211, 504
- Isle of Man, application of universal postal convention to, 693
- Israel :
 Ambush of Israeli bus in Negev, 554
 Arab refugee problem, position on (*see also* Arab refugees and Jordan River), 95, 96, 100, 630
 Arab States, dispute with. *See* Palestine question
 Export-Import Bank loan, 370, 553
 Immigration, 711, 761
 Jordan Valley project. *See* Jordan River
 Shipping restrictions, Egyptian, complaint regarding, 569
 Treaty of friendship, commerce, and navigation with U. S., exchange of ratifications and entry into force, 442, 803
 U. S. Ambassador, confirmation, 694
 U. S. economic and technical aid, 147, 212, 330, 367, 368, 551, 552, 713
 U. S. policy during 1953, addresses: Howard, 275, 328; Sanger, 210, 211, 212, 214
- Italy :
 Atomic energy exhibition, 982
 Migration to U. S. under Refugee Relief Act, address (Auerbach), 797
 Monetary gold case, 199
 Trieste, British-U. S. Zone, report on administration of, 124
 U. S. economic aid, 82, 711; continuance under Battle Act, 491
- Japan :
 Ambassador to U. S. :
 Credentials, 465
 Guest of honor, Japan Society meeting, 513, 514
 Atomic disease, expert on, visit to U. S., 791
 Atomic fall-out from Marshall Islands detonation, harmlessness, 549, 598
 Atomic injuries to seamen, U. S. investigation, 466, 598
 Communist objective, addresses (Murphy), 430, 431, 515
 Economic aid during occupation, negotiations for settlement, 770
 Export-Import Bank credit, 57
 Fisheries Commission, International North Pacific, meeting, 165, 297, 327, 515
 Fisheries disputes with Australia and Korea, address (Phleger), 200
 International Court of Justice, party to Statute, 733
 Prime Minister, visit to U. S., postponed, 918
 Progress and prospects, address (Murphy), 513
 Rearmament, address (Robertson), 231
 Ryukyu Islands (Amami-Oshima group), U. S. relinquishment of treaty rights, 17, 515

Japan—Continued

Trade relations and economy :
Addresses: Dulles, 971; Eisenhower, 603, 703;
Murphy, 431, 516, 517; Robertson, 232; Waring, 293
Commercial relations pending accession to GATT, 154,
233, 514
Treaties, agreements, etc. :
Agricultural commodities. *See* Agricultural surpluses
Claims arising from presence of U. S. and U. N. forces
in Japan, protocol, signed, 613
Commercial treaty with U. S., 514
Double taxation convention with U. S., income and
estate, signed, 692, 733
Economic arrangements agreement with U. S. and
agreed official minutes, 518, 519, 524 (text), 613,
773; question of Senate action, 570
Investments, guaranty of, agreement with U. S., 518,
519, 524 (text), 613, 773; question of Senate ac-
tion, 570
Mutual defense assistance agreement with U. S. *See*
under Mutual defense treaties
Peace treaty :
Chile, ratification deposited, 852
Persons sentenced by International Military Tribu-
nal Far East, Indian protest against exclusion
from participation in decisions regarding, 802
Protocol, status of actions by country, 568
Settlement of disputes arising under art. 15(a),
agreement for: Chile, entry into force, 852; status
of actions by country, 568
Status of actions by country, 568
Reduction of Japanese contributions under art. XXV
of administrative agreement of *Feb. 28, 1952*, 693
Return of equipment, arrangements with U. S., 518,
522 (text), 613; question of Senate action, 570
Status of U. N. forces in Japan, agreement regarding,
and protocol for provisional implementation of
agreement, signed, 613
Technical missions to U. S., agreement, 568
U. S. and U. N. forces in Japan, criminal jurisdiction,
protocol, 514
U. S. naval vessels, agreement for loan to, 929, 965
Tuna industry, unharmed by radioactivity, 598
United Nations, question of admission, 514
U. S.-Japanese friendship, address (Robertson), 547
U. S. policy in, addresses: Murphy, 430; Robertson, 229
Jefferson, Thomas, address (Robertson), 149, 150, 152
Jenkins, Alfred le Sesne, U. S. China policy, addresses,
624, 859
Jernegan, John D., addresses :
India, U. S. relations with, 593
Middle East and South Asia, problem of security, 444
Jerusalem :
Internationalization, 96, 630, 631
Israeli Foreign Office, transfer to, 212, 328, 631
Jews, persecution in Rumania, statement (Murphy), 914
Johnson, U. Alexis :
Peiping discussions for release of U. S. citizens in Com-
munist China, 950
U. S. Ambassador to Czechoslovakia, 298

Johnston, Eric, mission to Near East to discuss Jordan
Valley project (*see also* Jordan River) :
Appointment, 98, 211
Article (Howard), 368
Proposals, analysis, 282, 789
Resumption of negotiations, 913
Jordan (*see also* Palestine question) :
Ambassador to U. S., credentials, 21
Arab refugee problem (*see also* Jordan River), 96, 97,
98, 552, 553
Jordan Valley project. *See* Jordan River
Legation in U. S. raised to Embassy, 24
U. S. economic and technical aid :
Grant economic assistance agreement, 1000, 1001
Water development, 433, 551
Wheat shipments, agreement for, 55 (text), 367, 489,
552
Jordan River :
Diversion by Israeli, Syrian complaint in U. N. :
Security Council draft resolution, 59 (text), 297*n*
Statements by U. S. representatives in U. N., 58, 297
Project for development of valley :
Addresses and articles: Dorsey, 552, 553; Howard,
329, 330, 332, 368; Sanger, 211, 212
Analysis (Johnston), 282, 789
Refugee Survey Commission report (Dec. 1953), 98
Resumption of negotiations, 913
Juliana, Queen of the Netherlands, gratitude for U. S. aid
during floods, 142
Juridical Committee, Inter-American, functioning and
composition, 638
Jurists, Inter-American Council of, address (Phleger), 197
Kalijarvi, Thorsten V., statements :
Copyright protection, 530
Sugar agreement, international, 493
Kashmir, Indian charge of Pakistan aggression :
Address (Jernegan), 446
Direct negotiations, article (Howard), 333
U. N. observation of disturbances, 979
Kelly, H. H., article on international motor traffic agree-
ments, 117
Key, David McK. :
Addresses :
Advancing U. S. economic policies through the U. N.
826
Peaceful change through the U. N., 394
Confirmation as Assistant Secretary of State, 483
Khokhlov, Nikolai, assassination mission, 671, 715
Kirk, Admiral Alan G., on Special Committee for the
Balkans, 978
Kirkpatrick, Evron M., designation in State Department,
814
Kootenai River, U. S. application for construction of dam
on, 878
Korea :
Armistice agreement :
Communist allegations against U. N. Command, refu-
tation by Swiss and Swedish members of NNSC :
Address (Key), 977
Memorandum of Swedish and Swiss members, 944
Statement (Smith), 941

Korea—Continued

- Armistice agreement—Continued
 - Communist violations, 545, 546, 652, 860, 941; letter (Lacey to NNSC), 689
 - Negotiations, signing, and implementation, U. N. Command reports, 30, 31, 32, 61, 92, 652
 - Prisoners of war, provisions regarding. *See* Prisoners of war
 - Statement (Dulles), 705
- Communist aggression, addresses, etc.: Dulles, 181, 182, 704; Jenkins, 860; Lodge, 723, 724; Martin, 545; Murphy, 515; Smith, 915
- Fisheries dispute with Japan, address (Pbleger), 200
- Free elections, efforts for. *See* Geneva Conference
- Geneva political conference. *See* Geneva Conference
- Germ warfare charges by Communists against U. S., 976, 986
- Political conference (*see also* Geneva Conference):
 - Chinese Communist obstructions, 181, 182, 404
 - Panmunjom negotiations for, addresses: Dean, 15; Martin, 546; McConaughy, 404; Nixon, 12
 - Prisoners of war, unrepatriated, question of consideration at, 113
- Prisoners of war. *See* Prisoners of war, Korea
- Relief and rehabilitation, U. S. aid:
 - Agreement on strengthening Korean economy, 65
 - Appropriations for 1955: Message to Congress (Eisenhower), 147; statements (Dulles), 581, 924
 - FOA authorization, 393
 - FOA report, 488
 - Visit of U. S. Governors to observe, 273, 836
 - Voluntary aid, 388, 389
- Results of war in, address (Robertson), 149
- Sixteen-nation declaration at Geneva, 973
- Treaties, agreements, etc.:
 - Economic reconstruction and financial stabilization, agreement with U. S., 65
 - Mutual defense treaty with U. S., transmittal to Senate with report and statement (Dulles), 131; Senate approval, 208
- U. N. Command, Communist allegations of Armistice violation, refutation by Swedish and Swiss members of NNSC, 941, 944
- U. N. Command operations, reports:
 - 70th–73d (May 16–July 15, 1953), 30
 - 74th (July 16–31, 1953), 61
 - 75th (Aug. 1–15, 1953), 92
 - 76th (Aug. 16–31, 1953), 652
- U. N. observation group in, 979
- U. N. operations in, contributions to, 31, 255, 452, 723, 724, 936; Ethiopian, 869, 870; German hospital, 270, 568; Turkish, 248; U. S., 255, 452
- U. S. policy, addresses, etc., on: Dulles, 107, 108, 462; Eisenhower, 76; Morton, 291, 363; Robertson, 149; Smith, 359, 915
- U. S. troops:
 - Reduction, addresses and statements: Dulles, 42, 462; Eisenhower, 14; Morton, 291; Smith, 264, 359
 - Withdrawal prior to 1950, analogy to German situation, 315
- Unity and independence, Korean people's right to, address (Smith), 915

- Korea, People's Democratic Republic of (North Korea):
 - Geneva Conference, invitation to, 347
 - U. S. export policy, 111, 112, 194, 563, 845
- Kyrou, Alexis, statement in U. N. on repatriation of Greek children, 276
- Labor:
 - Able seamen, convention on certification of, U. S. ratification, 693
 - Forced labor. *See* Forced labor
 - Labor-management relations, address (Gardner), 159
 - Migrant labor agreement, U. S. and Mexico. *See under* Mexico
 - Resolutions of 10th Inter-American Conference, 636
- Labor Conference, International. *See* International Labor Conference
- Labor Organization, International. *See* International Labor Organization
- Lacey, Maj. Gen. Julius K.:
 - Letter on Korean Armistice agreement violations, 689
 - Statement on transfer of custody of prisoners of war in Korea, 295
- Laos:
 - Communist aggression. *See* Indochina
 - Independence, progress toward, 359, 432, 539, 582, 742, 784, 863, 924, 948, 972
- Latin America (*see also individual countries*):
 - Air travel to, 234
 - Anti-U. S. propaganda in, 506
 - Archeology, exhibition of, 677
 - Colonialism, resolutions of 10th Inter-American Conference, 634
 - Communism, threat of (*see also* Inter-American Conference), addresses: Cabot, 51; Dulles, 379; Woodward, 235, 237
 - Economic problems, addresses: Bohan, 875; Dulles, 380
 - Economic relations with U. S., addresses and statements: Cabot, 48, 356; Dulles, 425, 426; Holland, 764, 953; Waugh, 427; Woodward, 237
 - Educational exchange program, 506
 - FOA directors' meeting, 121
 - Foreign Relations* volume on American republics, released, 965
 - Inter-American Conference, 10th. *See* Inter-American Conference
 - Investment of private capital in. *See under* Investment of private capital
 - Maritime development, 875, 876
 - Nonintervention policy of U. S., development, 356, 831, 832
- OAS. *See* Organization of American States.
- Pan American Day:
 - Addresses (Holland), 675, 677
 - Proclamation, 564
- Pan American Railway Congress, VIII, accomplishments, 167
- Pan American Railway Congress Association, member, U. S. national commission, 963
- Pan American Sanitary Organization:
 - Health program, 238
 - U. S. delegation to 22d session of Executive Committee, 692

Latin America—Continued

- Pan American Union, relationship to OAS, 951
Private enterprise in, address (Woodward), 234
Relations with U. S., addresses: Cabot, 356; Murphy, 785
Security in the Americas, organization of, address (Dreier), 830
Spirit of inter-American unity, address (Dulles), 381
Technical aid, U. N., 237, 238
Technical aid, U. S. *See* Mutual security and assistance programs
U. S. voluntary relief, article (Ringland), 383
- Latvia, Republic of:
Chargé in U. S., letters of appointment, 882
Soviet absorption, addresses and statements: Dulles, 267, 269; Merchant, 819, 820; Smith, 942
- Lawson, Edward B., confirmation as U. S. Ambassador to Israel, 694
- Lay, S. Houston, member, Patent Appeal Board, Germany, 913
- Lebanon (*see also* Palestine question):
Arab refugee problem, 96, 97
Jordan Valley project. *See* Jordan River
U. S. economic and technical aid, 553, 1001
- Legislation, foreign policy, listed, 102, 337, 483, 534, 571, 633, 694, 810, 825, 842, 925, 953, 999, 1000
- Lend-lease, reciprocal aid, surplus property, and claims, agreement with Belgium amending memorandum of understanding regarding settlement for, 773
- Lend-lease vessels, U. S. efforts for return by Soviet Union:
Agreement for return of 38 craft, 563, 613
Exchange of notes and aides-mémoires (1953), 44
- Le Sage, Jean, address, Niagara Falls Remedial Project, 956
- Leverich, Henry P., designation in State Department, 1004
- Libby Dam, U. S. application for construction, 878
- Liberia:
Export-Import Bank loan, 370, 731
Geneva conventions on prisoners of war, etc. (1949), adherence deposited, 773
Maritime Consultative Organization, Intergovernmental, convention, signature, 773
President, visit to U. S., 795
U. S. economic aid, 369, 551
U. S. private investment, 728, 731
- Libya, U. S. wheat shipments, 489
- Liechtenstein, agreement on German external debts, ratification deposited, 693
- Lithuania:
Independence, 36th anniversary, 320
Soviet absorption, addresses and statements: Dulles, 267, 269; Merchant, 819, 820; Smith, 942
- Lleras Camargo, Alberto:
Resignation as Secretary General of OAS, 637, 675
Statement on Pan American harmony, 785
- Load line convention:
Application to Federation of Malaya, 929
Notification of accession of Nicaragua, 929
- Loans, U. S. *See* International Bank
- Loans, U. S. (*see also* Export-Import Bank):
European Coal and Steel Community:
Negotiations and communique, 327, 562, 622, 671 (text)
Remarks at signing of agreement (Smith, Monnet, Potthoff, Giacchero), 672
Near East (1953), 553
Recommendations of Commission on Foreign Economic Policy, 190
- Lockhart, Sir Robert Bruce, quoted, 263
- Locust control, India, 597
- Lodge, Henry Cabot, Jr.:
Addresses, statements, etc.:
Atomic energy, 687
Atomic tests in Pacific trust territory, 886
Charter review, 451, 644
Economic and Social Council, work of 17th session, 849
EDC, importance to free world, 747
Israel-Jordan dispute, 651
Israeli complaint against Egyptian shipping restrictions, 569
Jordan Valley project, 58
Moroccan and Tunisian situations, 332, 333
Prisoners of war, Korea, unrepatriated, release, 153
Technical assistance program, U. N., U. S. support, 369, 370, 849
Thai request for peace observation mission, 974
United Nations, meaning to U. S., 252
United Nations, record of accomplishment, 721
Member, U. S. delegation, 10th Inter-American Conference, 383, 430
President's personal representative, anniversary of Normandy landing, 959*n*
- "Long haul" concept of foreign policy, 3, 109, 263, 363, 462, 559, 580, 922
- Lord, Mrs. Oswald B.:
Address on right to freedom and self-determination, 372
U. S. representative, Human Rights Commission, confirmation, 337
- Lourie, Donald B., resignation from State Department, 374
- Luce, Mrs. Clare Booth, remarks at atomic energy exhibition in Rome, 982
- Luxembourg:
EDC treaty, ratification, 621
Geneva Conference, invitation to, 347
Off-shore procurement program, agreement with U. S. signed, 803
U. S. Minister, confirmation, 298
- Macao, U. S. export controls, 157
- Malaria control, India, 598
- Malaya, Federation of:
High Commissioner, inauguration, 914
Load line convention, application to, 929
Progress against communism, statement (Dulles), 914
- Malenkov, Georgi M., address on Turkish-Soviet relations, 278
- Malik, Charles, statements in Security Council on Palestine question, 331, 332
- Maney, Edward S., address on U. S. immigration policy, 599
- Manila conference of FOA directors, 333

- Mansure, Edmund F., announcement of expansion of nickel plant in Cuba, 122
- Mao Tse-tung, policies on China mainland, 544, 545, 624, 625, 626, 807, 861
- Map projections, article (Boggs), 903
- Maritime Consultative Organization, Intergovernmental, convention on, current actions, 773
- Maritime policies (*see also* Ships and shipping), address (Bohan), 875
- Marshall Islands, nuclear tests in. *See* Atomic energy: Hydrogen-bomb tests
- Marshall Plan, 189, 436, 557
- Martin, Edwin W., address on U. S. China policy, 543
- Masaryk, Jan, statement (Dulles), 421
- Mass-destruction weapons. *See* Atomic energy
- Massey, Vincent, address before joint session of U. S. Congress, 762
- Materials Conference, International, termination, 60
- Mates, Leo, credentials as Yugoslav Ambassador to U. S., 624
- Matthews, H. Freeman:
 - Address on Foundations of American Attitudes, 434
 - U. S. Ambassador to Netherlands, confirmation, 298
- Mayo, Dr. Charles W., disapproval of Communist germ warfare charges against U. S., 976
- Mazatlán, Mexico, U. S. consulate to be closed, 852
- McConaughy, Walter P., addresses:
 - Berlin Foreign Ministers' Meeting, significance, 402
 - China, communism in, 39
- McConnell, Raymond A., member, U. S.-Mexican Migratory Labor Commission, 565
- McGillivray, Sir Donald, inauguration as High Commissioner, Malaya, 914
- McIntosh, Dempster, confirmation as U. S. Ambassador to Uruguay, 298
- McKisson, Robert M., designation in State Department, 1004
- McLeod, Scott:
 - Administrator, Refugee Relief Act, duties as, 714, 798, 799, 800
 - Inspection operations, administration of, 413, 774
 - Security program in the State Department, address, 469
- McNaughton, Gen. A. G. L., address, Niagara Falls Remedial Project, 958
- McWhorter, Roger B., address, Niagara Falls Remedial Project, 957
- Menderes, Adnan, visit to U. S., 879, 912
- Merchandise, convention on uniformity of nomenclature for classification of, U. S. withdrawal, 929
- Merchant, Livingston T., address on Soviet power system, 819
- Merchant marine:
 - President's message to Congress, 605
 - Recommendations of Commission on Foreign Economic Policy, 194, 324
- Meteorological information. *See* North Atlantic ocean stations
- Meteorological Organization. *See* World Meteorological Organization
- Mexico:
 - Broadcasting problems, discussions with U. S., 678
- Mexico—Continued
 - Inter-American Conference, 10th, position on declaration against international communism, 420n, 424, 425, 634
 - Migrant labor agreement with U. S.:
 - Extension, 53
 - Renewal, 467, 613
 - Soviet charges concerning U. S. treatment of "wet-backs," 809
 - Statement (Eisenhower), 468
 - Migratory Labor Commission, Joint U. S.-Mexican, membership, U. S. section, 565
 - U. S. consular offices, reorganization, 852
 - U. S. private investment in, 731
- Middle East. *See* Near and Middle East
- Migrant labor agreement, U. S. and Mexico. *See under* Mexico
- Migrants. *See* Intergovernmental Committee for European Migration and Refugees and displaced persons
- Migratory Labor Commission, Joint U. S.-Mexican, membership, U. S. section, 565
- Military Assistance Advisory Group, Japan, 518, 523
- Military assistance agreements (*see also* Mutual defense treaties), with—
 - American republics, 833
 - Honduras, 851, 1001
 - Iraq, 772
 - Nicaragua, 639, 692, 773
- Military assistance program. *See* Mutual defense and Mutual security and assistance programs
- Military aviation mission, agreement with El Salvador, extension, 693
- Military headquarters, international, protocol on status of, status and actions on, 694, 1001
- Military program, U. S.:
 - Administration planning, 79, 107, 108
 - Current program, article (Dulles), 463
 - Effect on foreign trade, address (Hensel), 919
 - President's message to Congress, 77
- Military talks on Southeast Asian collective defense, proposed 5-power, statement (Dulles), 864
- Military Tribunal Far East, U. S. position on Indian protest against exclusion from participation in decisions regarding persons sentenced by, 802
- Mindszenty, Cardinal Joseph, 5th anniversary of imprisonment:
 - Letter (Eisenhower) to Catholic organization, 273
 - Message (Dulles) to Rev. John Gaspar, 47
- Minorities, U. N. subcommission on protection of, designation of U. S. alternate member, 59
- Mixed Armistice Commission, Israeli-Syrian, 329, 330, 331
- Mixed Electoral Commission, Anglo-Egyptian Sudan, 213, 281, 281n
- Mohn, Paul, memorandum as Swedish member, NNSC, Korea, 941, 944
- Molotov, Vyacheslav M.:
 - Foreign Ministers' Meeting, Berlin:
 - Attacks on EDC, 362, 822
 - Obstructionist maneuvers, statements (Dulles), 179, 222
 - Proposals. *See* Foreign Ministers' Meeting

- Molotov, Vyacheslav M.—Continued
 Geneva Conference, charges against U. S., statement (Smith), 942
- Molotov-Ribbentrop Pact (1939), 819, 943
- Monetary Fund, International, Indonesian membership, 640, 803
- Monnet, Jean, remarks upon U. S. loan to European Coal and Steel Community, 672
- Monroe Doctrine:
 Application in declaration against international Communist intervention in American States, addresses and statements; Dreier, 830, 834; Dulles, 422, 429, 466, 938
 Roosevelt corollary, abandonment, 831
- Montreux Convention, 278, 278*n*
- Moroccan situation: Address (Sanger), 213; article (Howard), 332
- Morocco, Spanish Zone, application of World Meteorological Organization convention to, 733
- Morrill, J. L., report as chairman of U. S. Advisory Commission on Educational Exchange, 572
- Morton, Dr. John, investigation of atomic injury to Japanese seamen, 598
- Morton, Thruston B.:
 Building a Secure Community, address, 289
 Coffee-price increase, reply to Representative Sullivan, 256
 Designation as Acting Deputy Under Secretary of State, 413; relinquishment of duties, 1002
 Genocide convention, summary of action on, 882
 Mutual defense assistance agreement with Japan, reply to inquiry on need for Senate action, 570
 U. S. foreign policy, address, 361
 World Health Organization, letter to Senator Wiley on 1955 budget and U. S. assessment, 964
- Mossadegh, Mohammed, correspondence with President Eisenhower on Anglo-Iranian oil dispute, article (Howard), 279, 280
- Motor traffic agreements, international, article (Kelly, Eliot), 117
- Mt. Everest, Hubbard Medal replica award to Tenzing Norkey, 472
- Murphy, Robert D.:
 Addresses and statements:
 Building strength in today's world power situation, 988
 Japan, progress and prospects, 513
 Japan and the Pacific, U. S. policy in, 430
 Pakistani offer to aid in U. S. Chancery construction, 760
 Rumania, persecution of Jews in, 914
 Western unity, 473
 World brotherhood, 287, 785
 Correspondence:
 Cambodia, U. S. note condemning Viet Minh atrocity, 746
- Murray, Johnston, visit to Korea, 836
- Mutual defense (*see also* Collective security; European Defense Community; and North Atlantic Treaty Organization):
 Mutual Defense Assistance Control Act, 491, 843
 North America, mutual defense measures in, 4, 639
 President's budget message to Congress, 143
 Treaties. *See* Mutual defense treaties
- Mutual Defense Assistance Control Act:
 Continuance of aid to Denmark, France, Italy, Norway, and U. K., 491
 FOA report to Congress on operation (July-Dec. 1953), 843
- Mutual defense treaties (*see also* Military assistance agreements), with—
 Iceland, implementation of agreement, 884
 Japan, mutual defense assistance agreement:
 Address (Murphy), 515
 Comparison with Korean treaty, 132
 Joint communique and statement by U. S. Ambassador, 518
 Question of Senate action, 570
 Statements (Dulles) on 1955 appropriations, 581, 924
 Text, 520
 Korea, mutual defense treaty:
 Senate, transmittal to, with report and statement by Secretary Dulles, 131
 Senate approval, 208
 Pakistan, mutual defense assistance agreement, signature and entry into force, 850, 929
 Philippines, mutual defense treaty:
 Comparison with Korean treaty, 132, 133
 Council to handle matters arising under treaty, establishment, 973
- Mutual Security Act (1951), functions authorized by, Executive order exempting, 481
- Mutual Security Act (1953), Richards amendment, 5*n*
- Mutual security and assistance programs (*see also* Mutual defense):
 Addresses, statements, etc.: Dorsey, 551; Dulles, 107, 210, 275, 381, 579, 581, 921, 923; Holland, 769; Howard, 365; Murphy, 432, 989; Robertson, 350, 351; Sanger, 210; Smith, 263, 264; Stassen, 871; Wainhouse, 984; Woodward, 237
 Agreements for (*see also* Mutual defense treaties), 551
 Budget recommendations and appropriations:
 Administration plans, 79
 Fiscal years 1941 to 1954, 210, 366, 551
 Fiscal year 1955: Messages to Congress (Eisenhower), 76, 143, 366*n*, 606; statements before Congress (Dulles), 579, 921
- Economic and technical aid to foreign countries (*see also* Agricultural surpluses and Export-Import Bank):
 Afghanistan, 433, 566, 613; Africa, 147, 369, 552; Arab states, 147, 551, 552; Asia, 147, 350, 351, 368, 369, 580; Austria, 250, 488; Bolivia, 468, 485, 488, 489, 567; Borneo, 433; Caribbean area, 653; Egypt, 367, 551; Ethiopia, 369, 551, 869; France, 272, 641; Germany, East, food parcels, 489; Greece, 366, 367, 439, 440, 674; India (*see under* India); Indonesia, 432; Iran, 147, 280, 366, 367, 432, 433, 488, 551, 552, 553, 582; Iraq, 367, 551, 962; Israel 147, 212, 330, 367, 368, 551, 552, 713; Italy, 82, 714; Jordan (*see under* Jordan); Korea, Republic of (*see also* Korea: Relief and rehabilitation), 488, 933; Latin America, 121, 147, 237, 381, 580, 581, 769, 923; Lebanon, 553, 1001; Liberia, 369, 551; Libya, 489; Near and Middle East, 210, 275, 365, 432, 550; Netherlands, 674; Netherlands Antilles, 733; Pakistan, 147, 366, 369, 433, 489; Philippines, 147; Saudi Arabia, 367, 433; Spain, 476, 488,

Mutual security and assistance programs—Continued

- Economic and technical aid to foreign countries—Con.
641, 960; Surinam, 733; Thailand, 373; Turkey, 247,
279, 366, 367, 553, 714, 912; Yugoslavia, 714.
- Foreign Economic Policy Commission recommendations
(*see also* Foreign Economic Policy Commission), 190,
606
- FOA regional meetings, 121, 333
- FOA report (June 30–Dec. 31, 1953), 484
- Military aid to foreign countries (*see also* Mutual de-
fense treaties): Asia, 349, 432; Ethiopia, 369; Greece,
366, 439, 440; Honduras, 851, 1001; Iran, 366; Iraq,
772; Indochina (*see* Indochina: U. S. financial and
material aid); Latin America, 833; Nicaragua, 639,
692, 773; Pakistan (*see under* Pakistan); Spain, 476,
488, 960; Turkey, 247, 366, 550, 580, 912, 992.
- Reduction of economic aid and continuance of technical
aid, 4, 109, 146, 190, 220, 250, 363, 463, 488, 490, 606,
844, 923
- Voluntary agencies, cooperation of, 389, 674

NAC. *See* North Atlantic Council

Narcotics:

- Narcotic drugs convention, protocol, extension to Somal-
iland, 693
- Opium protocol (1953), ratifications deposited, Canada
and Panama, 851, 884

National Geographic Society, Hubbard Medal replica
award to Tenzing Norkey, 472

National Maritime Day, observance, 875

Nationalism (*see also* Colonialism), U. S. role, 632

NATO. *See* North Atlantic Treaty Organization

Naval vessels, U. S. *See* Ships and shipping

Near and Middle East (*see also individual countries*):

- Arab-Israeli dispute. *See* Palestine question
- Collective security in:
Address (Jeruegan), 444
Middle East Defense Organization, future possibility
of, views (Dulles), 214, 275, 327, 365, 441, 445, 594
Pakistan, U. S. military aid. *See* Pakistan
Pakistan-Turkey collaboration for security. *See*
Pakistan
Statements (Dulles), 581, 923

Educational exchange program in Near East and Africa,
504

Export-Import and International Bank loans, 370, 371
Foreign Relations volumes on Near East and Africa, re-
leased, 328, 966

Johnston mission to, 211, 282, 368, 788

Jordan Valley project. *See* Jordan River

U. S. economic, military, and technical aid, 210, 275,
366, 367, 432, 550

U. S. policy, addresses, statements, etc.: Byroade, 628,
708; Dorsey, 550; Dulles, 209, 210, 212, 214, 274, 275,
327; Howard, 274, 328, 365; Johnston, 788; Murphy,
432; Sanger, 209

U. S. voluntary relief, article (Ringland), 383

Near East Special Refugee Survey Commission, interim
report, 95, 210

Nehru, Pandit Jawaharlal, position on U. S. military aid
to Pakistan, 446, 448, 594

Netherlands:

- Floods, acknowledgment of U. S. aid, 142
- Geneva Conference, invitation to, 347
- Gift to U. S. of carillon, 755
- Migration to U. S. under Refugee Relief Act, 714, 797,
798
- Treaties, agreements, etc.:
EDC treaty, legislative action, 142
Income tax convention with U. S., request for exten-
sion to Antilles, 851
Postal convention, universal, ratification deposited,
965
Technical cooperation agreement with U. S. for Suri-
nam and Antilles, 733
U. S. Ambassador, confirmation, 298
U. S. economic aid, 674
- Netherlands Guiana. *See* Surinam
- Neutral Nations Repatriation Commission, exchange of
prisoners of war, Korea. *See* Prisoners of war
- Neutral Nations Supervisory Commission, Korea:
Armistice agreement violations by Communists, letter
(Lacey), 689
Refutation by Swedish and Swiss members of Com-
munist charges against U. N. Command, 941, 944, 977
- New Zealand:
Export-Import Bank loan, 326
Geneva Conference, invitation to, 347
Military talks with U. S., 948
Mutual defense treaty with U. S., comparison with
Korean treaty, 132, 133
- Niagara Falls Remedial Project, addresses at inaugura-
tion ceremony, 954
- Nicaragua:
Load line convention, accession, 929
Military assistance agreement with U. S., signed, 692,
773
Safety of life at sea convention, accession deposited, 929
U. S. military aid, 639
- Nichols, Clarence W., article on international tin agree-
ment, 239
- Nickel production, in Cuba, expansion, 122
- Nigeria, self-rule, 298, 336, 717, 718
- Nixon, Richard M.:
U. S. Indochina policy, clarification of statement, 623
Visit to Asia and Middle East, 213, 371:
Address, 10
Soviet propaganda, 351
- NNRC. *See* Neutral Nations Repatriation Commission
- NNSC. *See* Neutral Nations Supervisory Commission
- Nolan, Charles P., statement on proposed U. S. sale of
ships for Brazilian coastal shipping, 951
- Norkey, Tenzing, awards for Everest conquest, 472
- Normandy, France, anniversary of Allied landing, 959
- North America, defense of, 4, 639
- North Atlantic Council:
Ministerial meetings:
Dec. 1953: Communique, 8; statements (Dulles), 109,
462
April 1954: Communique, 670; statements (Dulles),
109, 462, 668
Resolution on political consultation, 670, 670n

- North Atlantic ocean stations:
 Agreement signed, 406, 795
 Article (Lister), 792
 Conference, 4th, 23, 406, 792
 Signatories to agreement, listed, 653
 Sweden, acceptance of agreement deposited, 884
 North Atlantic Treaty, agreements and protocols. *See*
under North Atlantic Treaty Organization
 North Atlantic Treaty Organization:
 Addresses, statements, etc.: Byroade, 440, 441; Dulles, 3,
 109, 268, 460, 462, 561, 937; Eisenhower, 561; Elbrick,
 557, 558; Matthews, 437; Morton, 291, 292, 293; Wain-
 house, 983, 985
 Agreements and protocols:
 EDC. *See* European Defense Community treaty
 Status of forces agreement: Address (Phleger), 198;
 status and actions on, 693, 1001
 Status of international military headquarters, status
 and actions on, 694, 1001
 Status of NATO, national representatives and inter-
 national staff, status list, 1001
 Atomic weapons, U. S. proposal for sharing information
 on, 8, 77, 144
 Bases, military, 557, 558, 561, 579, 592
 EDC. *See* European Defense Community
 Fifth anniversary, 561
 FOA report, 487
 Greek membership, 277, 440, 441
 Military program, President's message to Congress, 143,
 144
 North Atlantic Council. *See* North Atlantic Council
 Report on (Dulles), 3
 Soviet efforts to join, 562, 756
 Soviet verbal attacks on, 226, 263, 312, 313, 344, 358, 362,
 759
 Turkish membership and support, 248, 249, 277, 279,
 285, 440, 912
 U. S. appropriations for 1955, statements (Dulles), 579,
 921
 North Pacific Fisheries Commission, International, 165,
 297, 327, 515
 Northwest Atlantic Fisheries, International Commission
 for, appointment of U. S. commissioner, 640
 Norway:
 Cultural exhibition in U. S. address (Robertson), 202
 International Bank loan, 640
 Treaties, agreements, etc.:
 Aircraft, convention on International rights in, rati-
 fication deposited, 613
 Conflicting claims to enemy property, agreement with
 U. S., entry into force, 772, 1001
 GATT, declaration on the continued application of
 schedules to, ratification deposited, 803
 German external debts, ratification deposited, 693
 Telecommunication convention, international, ratifi-
 cation deposited, 1001
 U. S. aid:
 Continuance under Battle Act provisions, 491
 Surplus farm commodities for, 714
 Nuclear weapons. *See* Atomic energy
 OAS. *See* Organization of American States
 Oats, limitation on shipments to U. S.:
 Canadian, 21, 56
 Sources other than Canada, text of proclamation, 56
 Occupation forces. *See* Armed forces
 Ocean stations program. *See* North Atlantic ocean stations
 Off-shore procurement:
 Agreement with Luxembourg, 803
 Program with France, 641
 Program with Spain, 961
 Oil:
 Anglo-Iranian dispute, 214, 279
 Iranian negotiations with private companies, 583
 Turkish resources, 286
 Opium protocol (1953), ratifications deposited, Panama
 and Canada, 851, 884
 Organization of American States:
 Benefits extended to through Executive order, 951
 Collective security system, address (Dreier), 830
 Communist intervention in Guatemala, possible action
 on, 939, 981, 982
 Council functions, resolution of 10th Inter-American
 Conference, 638, 676
 Formation and relationship to Pan American Union, 951
 Pan American Day address before (Holland), 675
 Peaceful settlement procedures, 983
 Secretary General, resignation of Dr. Lleras Camargo,
 637, 675
 Technical assistance program, 237, 238, 636
 Pace, Mrs. Pearl Carter, member, War Claims Commis-
 sion, 24
 Pacific area (*see also* Asia and individual countries):
 Collective security (*see also* Mutual defense), 515, 516,
 782, 971, 985
 U. S. policy in, address (Murphy), 430
 Pacific Fisheries Commission, North, 165, 297, 327, 515
 Pacific Salmon Fisheries, International, appointment of
 U. S. member, 640
 Pacific trust territory:
 U. S. administration, 930, 978
 U. S. atomic tests in Pacific, Marshallese complaint to
 U. N., 886, 887
 Pakistan:
 Export-Import Bank loan, 370
 Income-tax exemption for visiting businessmen, 158
 India, relations with:
 Address (Jernegan), 446
 Kashmir problem, 333, 979
 International Bank loans, 371, 991
 Treaties, agreements, etc.:
 Copyright convention, universal, accession deposited,
 1001
 GATT, third protocol of rectifications and modifica-
 tions to texts of schedules, signed, 1001
 German external debts, ratification deposited, 693
 Mutual defense assistance agreement with U. S.,
 signed and entry into force, 850, 929
 Turkey, joint communique on security, 327, 333a, 400,
 401:
 Addresses and statements: Byroade, 441, 442; Dulles,
 581, 923; Jernegan, 444, 595

Pakistan—Continued

U. S. economic and technical aid, 147, 366, 369, 433, 489, 760
U. S. military aid, 214, 351 :
Addresses : Allen, 866 ; Jernegan, 444, 593, 594, 595
Pakistan request for, 333*n*, 447
President Eisenhower's letter to Prime Minister Nehru explaining, 400 (text), 447, 448, 594
Statements : Dulles, 581 ; Eisenhower, 401 (text), 441, 447

U. S. wheat shipments, 369, 489 ; termination, 760

Palestine Conciliation Commission, 96, 329, 332

Palestine question :

Addresses and statements : Byroade, 708, 761 ; Howard, 328 ; Jenkins, 629 ; Johnston, 788 ; Lodge, 651 ; Sanger, 210, 211, 212, 214

Arab case and Israeli case, 629, 630, 631

Arab refugees. *See* Arab refugees and Jordan River

Israeli bus, ambush in Negev, 554

Jordan Valley project. *See* Jordan River

Qibiya incident, 212, 329, 330, 331, 651

Shipping restrictions, Israeli complaint against Egypt, 569

U. N. observation system, 979

Pan American Day :

Addresses (Holland), 675, 677

Proclamation, 564

Pan American Railway Congress, VIII, accomplishments, 167

Pan American Railway Congress Association, member, U. S. national commission, 963

Pan American Sanitary Organization, 238, 692

Pan American Union, relationship to OAS, 951

Panama :

Opium protocol (1953), ratification deposited, 852

Sewerage facilities in Colon Free Zone area, agreement regarding, entry into force, 803

U. S. Ambassador, confirmation, 298

Pandit, Mme. Vijaya Lakshmi, communication to members regarding reconvening 8th session of U. N. General Assembly, 256

Panmunjom, Korea, negotiations for political conference. *See* Korea

Paraguay :

Ambassador to U. S., credentials, 511

U. S. resumption of diplomatic relations with, 800

Parker, Jameson, press statement on U. S. policy in Indochina, 623

Passports :

Increase in number issued, 999

Recommendations of Commission on Foreign Economic Policy to facilitate issuance, 194

Patent Appeal Board, establishment by Allied High Commission for Germany, 913

Patterson, Morehead :

Chairman, U. S. committee for United Nations Day, 567, 771

Deputy U. S. representative on U. N. Disarmament Commission, 850

Peace, addresses :

Building a cooperative peace through international understanding (Eisenhower), 699, 899

Peace and security in the H-bomb age (Wainhouse), 983

Peace observation mission, Thai request for. *See* Thailand

Peace treaty, Japan. *See* Japan

Peaceful settlement of disputes. *See* Disputes.

Percy, Charles H., request for President's views on economic policy proposals, 841

Perkins, Warwick, member, Mixed Electoral Commission, Sudan, 213, 281*n*

Personnel, Public Committee on, formation and 1st meeting, 413 ; report on, 1002

Peru :

Ecuadoran boundary dispute, conciliation, 468, 678

Haya de la Torre asylum case, 634

GATT, declaration on continued application of schedules, signature, 773

Petroleum. *See* Oil

Peurifoy, John E., confirmation as U. S. Ambassador to Guatemala, 298

Philippines :

Geneva Conference, invitation to, 347

Military talks with U. S., statements (Dulles) 864, 948

Mutual defense treaty with U. S. *See under* Mutual defense treaties

Position on Communist threat to Southeast Asia, 623

Trade, inter-island, proposed sale of U. S. merchant vessels for, 571

Trade with Japan, 294, 295

Trade with U. S. :

Reciprocal extension of free-trade period, 802

Trade agreement, proposals for modification, 566

U. S. technical aid, budget recommendations, 147

Phillips, William, opinion on effect of security program on Foreign Service, 169

Phleger, Herman :

International law, address on recent developments in, 196

U. N. awards case, U. S. oral argument, 963

Picó, Rafael, technical aid work, 373

Pierson, Warren Lee, resignation as U. S. delegate to Tripartite Commission on German Debts, 69

Poland :

Consulates general in U. S., closing, 352

Division of, Molotov-Ribbentrop Pact (1939), 819, 943

NNSC, false allegations by Polish member against U. N. Command in Korea, 941, 944, 977

Ship, U. S. rejection of charge of interception of, 824

Political Community, European, projected, 141, 558

Political conference, Korea. *See* Geneva Conference: Korean phase and under Korea

Postal convention, universal, ratifications deposited, 693, 733, 803, 965

Potsdam agreement, creation of Council of Foreign Ministers, 223

Potthoff, Heinz, remarks upon U. S. loan to European Coal and Steel Community, 672

Præa, Polish tanker, U. S. rejection of Polish charge of interception, 824

Press :

Address (Eisenhower), 699

Censorship, statements : Eisenhower, 701 ; Hotchkis, 682 ; Lodge, 849

Press—Continued

- Journalists, U. S., kidnaped by Chinese Communists, 685
- U. N. as world forum, 723
- Price-support program :
- Tung imports, effect on, investigation, 839
- Wool imports, effect on, recommendations of President, 393
- Prisoners of war, Korea :
- American prisoners, reported transfer to Soviet custody, U. S. and Soviet notes, 785
- Communist prisoners, disturbances by, 61, 92
- Custodian forces, India :
- Arrival in Korea, 92
- Commended, 334, 866
- Transfer of prisoners, 295
- Exchange of :
- Addresses : Dean, 16; Martin, 546
- Indian attempt to reconvene 5th session of U. N. General Assembly, 256
- U. N. Command reports, 30, 31, 64, 92, 652
- Mistreatment by Communists, 200, 201, 860, 976
- Nonrepatriated, release of :
- Addresses and statements : Dulles, 153; Eisenhower, 901; Hull, 90, 152; Key, 977; Lodge, 153; Phleger, 201, 206; Robertson, 151, 400; Swedish and Swiss members, NNRC, 115; Wadsworth, 153
- Exchange of correspondents between U. N. Commander and Chairman, NNRC, 90, 113, 115, 153, 154, 295
- U. N. Command report, 31
- Prisoners of war, treatment. *See* Geneva conventions
- Private enterprise :
- In Latin America :
- Addresses : Bohan, 876; Woodward, 234
- Report of Milton Eisenhower, 159, 235, 360, 381, 764
- In U. S., addresses : Eisenhower and Dulles, 837; Holland, 766
- Private investment capital. *See* Investment of private capital
- Proclamations by the President :
- Oats shipments to U. S., limitation, 56
- Pan American Day, 564
- Rye imports, quota, 565
- Tariff concessions to Uruguay, 53
- Trade agreement with Uruguay, termination, 733
- World Trade Week, 801
- Procurement, off-shore :
- Agreement with Luxembourg, 803
- Program with France, 641
- Program with Spain, 961
- Propaganda, Communist. *See under* Communism and Soviet Socialist Republics, Union of
- Protection of U. S. citizens abroad. *See* United States citizens
- Public Committee on Personnel, 413, 1002
- Publications :
- Congress, lists of current legislation on foreign policy, 102, 337, 483, 534, 571, 633, 694, 810, 825, 842, 925, 953, 999, 1000
- Foreign Relations of the United States*, released :
- 1936, vol. I (General, British Commonwealth), 654
- 1936, vol. II (Europe), 852

Publications—Continued

- Foreign Relations of the United States*, released—Con.
- 1936, vol. III (Near East and Africa), 328
- 1936, vol. IV (Far East), 734
- 1936, vol. V (American Republics), 965
- 1937, vol. I (General), 1006
- 1937, vol. II (British Commonwealth, Europe, Near East, and Africa), 966
- German Foreign Policy Documents, 1918-45* (The War Years, Sept. 4, 1939-Mar. 18, 1940), released, 1005
- Rumanian Legation in U. S., ban on publications of, 47
- State Department, lists of recent releases, 142, 338, 402, 414, 453, 494, 614, 853
- United Nations, lists of current documents, 34, 67, 131, 174, 526, 573, 607, 645, 679, 715, 854, 888, 993
- Puerto Cortes, Honduras, U. S. consular agency closed, 654
- Puerto Rico :
- Address (Lord) before Legislative Assembly, 372
- U. S. policy toward possible independence, 255
- Purchase agreement with Japan. *See* Agricultural surpluses
- Qibiya, Jordan, raid by Israeli forces, 212, 329, 330, 331, 631, 651
- Radar installations for joint U.S.-Canadian air defense, 639
- Radford, Admiral Arthur, quoted, 849
- Radio Free Europe (*see also* Broadcasting), Czech counter-measures, 320
- Railway Congress, VIII Pan American, accomplishments, 167
- Railway Congress Association, Pan American, member, U. S. national commission, 963
- Randall, Clarence B. :
- Foreign Economic Policy Commission report. *See* Foreign Economic Policy Commission
- Special White House consultant, appointment, 195*n*, 325
- U. S. measures to facilitate international travel, letter on, 997
- Raw materials, international trade in :
- Recommendations of Commission on Foreign Economic Policy, 189, 191, 192
- Recommendations of President to Congress, 605
- Reconstruction and Development, International Bank for. *See* International Bank for Reconstruction and Development
- Reconstruction Finance Corp., liquidation of certain affairs of, transmittal to Congress of Reorganization Plan No. 2, 813
- Red Cross, International, statement on International Red Cross Day (Smith), 787
- Red Cross hospital for Korea, German, agreement for, 270, 568
- Reed, Representative Daniel A., foreign economic policy minority report, 321*n*
- Reed, Harry, food survey, Pakistan, 369
- Refugee Survey Commission to the Near East, report, 95, 210
- Refugees and displaced persons :
- Arab refugees. *See* Arab refugees
- German, from East Zone, 206, 225, 754, 787, 825

Refugees and displaced persons—Continued

- Intergovernmental Committee for European Migration.
See Intergovernmental Committee for European Migration
- Netherlands, migration to U. S., 714, 797, 798
- Refugee Relief Act (1953), operation, address (Auerbach), 797
- Trieste, British-U. S. Zone, 129
- U. S. voluntary relief, article (Ringland), 385, 388, 389, 390, 392
- Regional arrangements (*see also* Collective security; European Defense Community; European treaty for collective security; Middle East Defense Organization; Mutual defense; North Atlantic Treaty Organization; and Organization of American States), address (Byroade), 441
- Relief, war, voluntary contributions, article (Ringland), 384
- Relief and rehabilitation. *See* Arab refugees; Intergovernmental Committee for European Migration; Refugees and displaced persons; United Nations Relief and Works Agency; and individual countries
- Reorganization Plan No. 1 of 1954, text and transmittal to Congress, 811, 812
- Reorganization Plan No. 2 of 1954, text and transmittal to Congress, 813, 814
- Reuter, Ernst, economic needs of Berlin, appeal for, 588
- Reynosa, Mexico, U. S. consulate to be closed, 852
- Rhee, Syngman:
Conference with Ambassador Dean on Geneva Conference, 708
Mutual defense treaty, U. S. and Korea, negotiation, 132, 133
- Richards, James P., statements:
Jordan River project, 211
Relationship of U. N. General Assembly and Administrative Tribunal, 34, 482
- Rifai, Abdul M., credentials as Ambassador of Jordan to U. S., 24
- Rihand Dam project, India, 597
- Riley, Russell L., address on educational exchange program, 162
- Ringland, Arthur C., article on voluntary foreign aid (1939-53), 383
- Rio treaty. *See* Inter-American treaty of reciprocal assistance
- Road traffic convention and protocol:
Actions on, 884
Article (Kelly, Elliot), 117
- Robbins, Robert R., designation in State Department, 694
- Robertson, Walter S., addresses:
China, Faith in the Future of, 398
Far East, U. S. responsibilities in, 348
Japan:
U. S.-Japanese friendship, 547
U. S. policy toward, 229
Korea, Our Victory in, 149
North Pacific Fisheries Commission meeting, 297
Scandinavian cultural exhibition in U. S., opening, 202
- Romulo, Carlos P., establishment of Council for U. S.-Philippine mutual defense matters, 973

Ruanda-Urundi:

- Road traffic convention, application to, 884
- Trusteeship administration, article (Gerig), 717, 719
- Rumania:
Anniversary of national holiday, 755
Georgescu boys, freed, 640
Jews, persecution, statement (Murphy), 914
Publications of Legation in U. S., ban on, 47
- Russell, Francis H., address on American diplomacy, 207
- Rye imports:
Investigation, 22
Quota, proclamation establishing, 565
- Ryukyu Islands (Amami-Oshima group), U. S. relinquishment of rights under Japanese peace treaty, 17, 515
- Safety of life at sea convention, acceptance deposited by Nicaragua, 929
- St. Lawrence Seaway:
Address (Morton), 363, 364
Legislation enacted, remarks (Eisenhower, Wiley, Ferguson, Doudero), 796
President's message to Congress regarding, 78
- St. Lawrence Seaway Development Corp., designation of Secretary of Defense to direct, 959
- Salaried Employees and Professional Workers, Advisory Committee of ILO, U. S. delegation, 772
- Salmon Fisheries, Pacific, appointment of U. S. member, 640
- Saltzman, Charles E., nomination as Under Secretary of State for Administration, 1002
- San Luis Potosi, Mexico, U. S. consulate to be closed, 852
- San Marino, party to Statute of International Court of Justice, 613
- Sanger, Richard H., address on U. S. policy in Middle East during 1953, 209
- São Paulo, Brazil, International Film Festival, 298
- Saudi Arabia:
Death of King, message (Eisenhower), 212
Export-Import Bank loan, 370, 553, 731
U. S. Ambassador, confirmation, 298
U. S. economic and technical aid, 367, 433, 553
U. S. relations, statement (Eisenhower), 274
- Scandinavia, cultural exhibition in U. S., address (Robertson), 202
- Schoenfeld, Rudolph E., confirmation as U. S. Ambassador to Colombia, 298
- Scissors and shears, retention of present duty on, 840
- Seamen, able, convention on certification of, U. S. ratification registered, 693
- Sears, Mason, statements on African trust territories, 298, 336, 453
- Secretariat, U. N., documents listed, 715, 888
- Securities, Belgian, in Germany, registration requirements, 673
- Securities, West German, U. S. restoration of trading in, 159
- Security, collective. *See* Collective security and Mutual defense
- Security, national:
Foreign policy objective, addresses: Murphy, 288; Smith, 263

Security, national—Continued

Personnel investigations, State Department. *See* State Department

President's messages to Congress, 78, 143

Security Council, U. N. (*see also* United Nations):

- Decrease in power, 252
- Documents listed, 34, 131, 526, 607, 715, 993
- Membership provisions, proposed changes, 171, 451
- Palestine question, action on. *See* Jordan River and Palestine question
- Trieste problem, postponement, 70
- Voting procedure:
 - Proposed changes, 171, 172, 173, 451
 - Soviet Union, use of veto, 460, 643, 645, 916, 937, 974, 975*n*, 984, 986, 989

Selection Boards, Foreign Service, meeting and membership, 529

Self-determination. *See under* Colonialism

Semenov, Vladimir, refusal to restore interzonal freedom of movement in Germany, 509, 879

Senate, U. S. *See* Congress

Shaw, G. Howland, opinion on effect of security program on Foreign Service, 169

Ships and shipping:

- Brazilian coastal shipping, proposed sale of U. S. vessels for, 533, 952
- China, loan of U. S. destroyers to, 398, 568
- China, loan of U. S. small naval craft, agreement for, 965
- Egyptian shipping restrictions, Israeli complaint, 569
- Japan, loan of U. S. naval vessels to, agreement for, 929, 965
- Load line convention, international, actions on, 929
- Philippines, inter-island trade, proposed sale of U. S. merchant vessels for, 571
- Polish tanker, U. S. rejection of charges of interception of, 824
- Safety of life at sea convention, action on, 929
- Soviet return to U. S. of lend-lease vessels. *See* Lend-lease vessels
- U. S. maritime policy, address (Bohan), 875

Warships:

- Agreement with Cuba to facilitate informal visits, renewal, 884
- U. S. and British warships, courtesy visits to Istanbul, Soviet protests, 278

Shivers, Allan, visit to Korea, 836

Simpson, Representative Richard M., foreign economic policy minority report, 321*n*

Sinai Peninsula, irrigation project, 99, 553

Slave labor. *See* Forced labor

Slavery convention of 1926, protocol amending:

- Acceptance, Finland, 773
- Signature, 567, 773

Slezak, John, address, Niagara Falls Remedial Project, 954

Small Business Administration, transfer of functions from Reconstruction Finance Corp., 813

Smith, David S., designation in State Department, 483

Smith, Senator H. Alexander, reply (Morton) to inquiry regarding need for Senate action on mutual defense assistance agreement with Japan, 570

Smith, Walter Bedell:

Addresses, statements, etc.:

- Arab refugee problem, 97
- Current international problems, progress toward solving, 358
- European Coal and Steel Community, U. S. loan to, 672
- EDC treaty, Netherlands deposit of ratification, 433
- Foreign policy for the "long haul," 263
- Geneva Conference: Indochina, 589, 783, 944; Korea, 915, 940; U. S. goals, 744
- Lithuanian independence day, 320
- Red Cross Day, International, 787

Correspondence:

- Canadian oats, limitation on shipments to U. S., 21
- Reply to Arthur H. Dean regarding unavailability for Geneva Conference, 398
- Geneva Conference, chairman, U. S. delegation, 739

Smith-Mundt Act. *See* Educational exchange program

Solidarity, declaration of. *See under* Inter-American Conference

Somaliland, narcotic drugs, 1948 protocol to convention, extension to, 693

South Africa, Union of:

- Geneva Conference, invitation to, 347
- Treaties, agreements, etc., ratifications deposited:
 - German external debts, 693
 - Postal convention, universal, 733
 - Sugar agreement, international, 733
 - Telecommunication convention, international, 773

South Asia and Southeast Asia. *See* Asia

South Pacific Commission, agreement relating to frequency of sessions, signed, 852

Southworth, Winthrop M., Jr., designation in State Department, 774

Soviet bloc countries:

- Arms shipment to Guatemala, 835
- Forced labor, report of U. N. *ad hoc* committee, statements: Dulles, 422; Hlofchkis, 804; Key, 976; Lodge, 849
- Popular resistance in, 823
- U. N. specialized agencies, policy toward, 828, 829

U. S. export policy:

- East-West trade, Battle Act report, 843
- Export-license requirements, 157
- Recommendations of Commission on Foreign Economic Policy, 194
- Statements by Secretary Weeks, 111, 321

Soviet Socialist Republics, Union of (*see also* Communism):

- Aggression. *See* Communism
- Aircraft of, alleged destruction by U. S. over Manchuria, U. S. and Soviet notes, 408, 410, 412

Atomic policy:

- Control of weapons, 757, 758
- Progress in development, address (Strauss), 660
- Talks with U. S. 9, 80, 82, 110, 465, 622, 661, 977, 987

Austrian Government, allegations against, U. S. concern, 824

Austrian state treaty, proposals for. *See* Foreign Ministers' Meeting

Censorship practices, 682, 686

Soviet Socialist Republics, Union of--Continued

China, Communist:

- Alliance with, addresses, etc.: Jenkins, 624, 625, 859; Martin, 544, 545
- Five-power conference, Soviet attempts to include, 81, 181, 182, 183, 222, 223, 292, 346, 404, 405, 739
- Membership on U. N. Disarmament Subcommittee, Soviet proposal for, 688

Disarmament:

- Member, U. N. Disarmament Subcommittee, 687, 688
- Obstructionist measures, 786, 985, 986, 987, 988
- Position on, 757, 758

"Divide and conquer" policy, 148, 362, 460, 562, 900

Economic conditions, ECE survey, 611

Economic policies, address (Merchant), 823

Estonia, Latvia, and Lithuania, absorption, 267, 269, 942

Europe, Western, policy in, 4, 6, 8, 148, 461

EDC, verbal attacks on, 180, 265, 314, 344, 362, 757, 758, 822, 880

European treaty for collective security, proposals for.

See European treaty for collective security

Five-power conference with Communist China, attempts for, 81, 181, 182, 183, 222, 223, 292, 346, 404, 405, 739

Forced labor, report of U. N. *ad hoc* committee, statements: Dulles, 422; Hotchkis, 804; Key, 976; Lodge, 849

Foreign Ministers' Meeting in Berlin. *See* Foreign Ministers' Meeting

Freedom of information, charges against U. S. in Economic and Social Council, refutation (Hotchkis), 685, 730, 809

Geneva Conference. *See* Geneva Conference

Germany:

Objectives in, address (Conant), 754

Unification, proposals for. *See* Foreign Ministers' Meeting

Germany, East, claim of "sovereignty" for, 511, 588, 670

Germany, West, assassination plots, U. S. protest, 671, 715

Greece, "peace offensive" in, 276

Korea:

American prisoners of war, denial of transfer to Soviet custody, 785

Soviet obstructions to unification, statement (Dulles), 704

Middle East and South Asia, policy in, addresses:

Jenkins, 629; Jernegan, 444

Military strength, address (Merchant), 821

Molotov-Ribbentrop Pact (1939), 819, 943

NATO, verbal attacks on, 226, 268, 312, 313, 344, 358, 562, 759

Personal freedom, restriction on, address (Streibert), 203

Power system, address (Merchant), 819

Prisoners of war, attitude toward, 201

Propaganda (*see also under* Communism):

India, 593

Middle East, 709

Propaganda machine, address (Streibert), 206

Underdeveloped countries, 828, 829

Use of U. N. for, 828

Thai request for peace observation mission, veto in Security Council, 936, 974, 975*n*

Soviet Socialist Republics, Union of--Continued

Threat to free world, 440, 484, 819

Treaties, agreements, etc., ratifications deposited:

Geneva prisoners of war conventions, 1001

Genocide convention, 884

Sugar agreement, international, 733

Turkish Straits problem, proposals and protests, 277

United Nations, denunciation and rejection of authority of, 915, 916, 917

UNESCO, constitution of, signature and deposit of acceptance, 884

U. N. specialized agencies, policy toward, 828, 829, 884, 980

U. N. trusteeship administration, criticism of, 717

U. S. air and naval bases in Greece, protest, 277

U. S. aircraft, destruction over Sea of Japan, U. S. note, 408, 409

U. S.-Hungarian plane incident (1951), Soviet conduct regarding, U. S. application to International Court of Justice, 449, 450 (text)

U. S. lend-lease vessels. *See* Lend-lease vessels

U. S. private investment abroad, false charges concerning, 730

Veto, use in Security Council, 460, 643, 645, 916, 937, 974, 975*n*, 984, 986, 989

Spain:

Economic and military arrangements with U. S.:

Agreements: FOA report, 488; addresses (Dunn), 476, 960

FOA allocations, 641, 960

U. S. bases in, statements (Dulles), 580, 922

Visits of officials to U. S., 962

World Meteorological Organization convention, application to Spanish Guinea and Spanish Zone of Morocco, 733

Special Refugee Survey Commission to the Near East, interim report on Arab refugee situation, 95, 210

Specialized agencies, U. N. (*see also name of agency*):

Coordination system, possible improvement, 451

Soviet policy toward, 828, 829, 980

U. S. contributions, 371, 550

Work of, addresses (Key), 396, 827, 980

Spekke, Arnolds, letters of appointment as Chargé in U. S. of Republic of Latvia, 882

Stassen, Harold E.:

Addresses, statements, etc.:

Berlin, need for financial aid, 587

East-West trade talks with U. K. and France, 563

Hong Kong fire victims, emergency relief for, 87

Pakistan, completion of wheat shipments to, 760

Technical aid program: Address, 871; announcement on cooperation of voluntary agencies, 674

U. S. aid to Europe, 485

Reports and recommendations:

Battle Act operations, report to Congress (July-Dec. 1953), 843

Continuance of U. S. aid under Battle Act provisions, recommendations, 491

Visit to Near East and South Asia (1953), 209, 275

Visit to Southeast Asia and Pacific (1954), 333

State Department (*see also* Foreign Service):

Appointments, confirmations, etc., 169, 338, 374, 413, 483, 694, 774, 814, 966, 1004

- State Department (*see also* Foreign Service)—Continued
- Educational exchange program. *See* Educational exchange program
 - Foreign affairs, conduct of, President's message to Congress, 147
 - Foreign Buildings Architectural Advisory Board, establishment, 169
 - Inspection service, 413, 774
 - Organizational changes, 413
 - Passports, 194, 999
 - Personnel security program :
 - Investigative procedures, address (McLeod), 469
 - Effect on Foreign Service, statement (Dulles), 169
 - Publications. *See* Publications
 - Resignations and retirements, 374, 774
 - Wriston report, correspondence (Dulles, Wriston), 1002
- State Governors, U. S., visit to Korea, 273, 836
- State of the Union address (Eisenhower), 75, 274
- Status of forces, status of international military headquarters, and status of NATO, national representatives and international staff, agreements and protocol, 198, 693, 694, 1001
- Steel agreement, U. S. and India, 156, 369
- Strategic materials :
 - Battle Act operations (July–Dec. 1953), report to Congress, 843
 - Continuance of aid to certain countries under Battle Act, 491
 - Defined, 843
 - Recommendations of 10th Inter-American Conference, 636
 - Stockpiling, President's budget message to Congress, 145
- Strauss, Lewis L. :
 - Hydrogen-bomb tests in the Pacific, statement, 548, 926
 - Peaceful use of atomic energy, President Eisenhower's proposals, address, 659
- Streibert, Theodore C., address, Soil of Freedom, 203
- Stuart, R. Douglas, address on U. S.-Canadian relations, 18
- Student-exchange program. *See* Educational exchange program
- Students, Chinese, in U. S., statement issued at Geneva Conference concerning, 949
- Submarines, atomic, launching, 144, 303
- Sudan, Anglo-Egyptian :
 - Controversy, article (Howard), 280
 - Elections, 213
- Suez Base negotiations, addresses : Howard, 281; Sanger, 213
- Sugar agreement, international :
 - Advantages and status, 493
 - Ratifications and accessions, 525, 733, 773
- Sullivan, Representative Leonor, letter to Secretary Dulles regarding coffee-price increase, 257
- Suomela, Arnie J., appointment on fisheries commissions, 640
- Surinam, U. S. technical aid, survey and agreement, 89, 733
- Surplus agricultural commodities. *See* Agricultural surpluses
- Suydam, Henry, press statement on atomic energy conversations with Soviet Union, 80
- Sweden :
 - Cultural exhibition in U. S., address (Robertson), 202
 - NNRC, position on unrepatriated prisoners of war, 115
 - NNSC, refutation of Communist charges against U. N. Command, 941, 944, 977
 - Ocean stations agreement, accession deposited, 884
 - U. S. Ambassador, confirmation, 414
- Switzerland :
 - German external debts, agreement on, ratification deposited, 693
 - International Red Cross Day, 787
 - NNRC, position on unrepatriated prisoners of war, 115
 - NNSC, refutation of Communist charges against U. N. Command, 941, 944, 977
- Syria (*see also* Palestine question) :
 - Arab refugee problem, 96, 97, 98, 553
 - Jordan Valley project. *See* Jordan River
- Tanganyika, East Africa, progress toward self-determination : article (Gerig), 717, 719; statement (Sears), 453
- Tariff policy, U. S. :
 - Basic principles, address (Hensel), 919
 - Concession to Uruguay, proclamation of, 53
 - President's economic report to Congress, 221
 - President's recommendations to Congress on foreign economic policy, 603
 - Reciprocal reduction of barriers, address (Holland), 767
 - Recommendations of Commission on Foreign Economic Policy, 191, 192, 323, 324, 517, 603, 847
 - Scissors and shears, President's decision not to increase duty on, 840
 - Tung imports, effect on price-support program, investigation, 839
 - Wool imports, recommendations of President concerning price-support program, 381, 393
- Tariffs and trade, general agreement on :
 - Continued application of schedules, declaration on, actions on, 525, 773, 803
 - India, request for renegotiation of tariff concessions, 406
- Japan :
 - Benefits of accession, 233
 - Commercial policy pending accession, text of decision and declarations, 154, 514
 - Recommendations of Commission of Foreign Economic Policy and President's message to Congress, 193, 324, 604, 841
 - Rectifications and modifications to texts of schedules, actions on—
 - Second protocol, 803
 - Third protocol, 525, 773, 803, 852, 965, 1001
 - Uruguay, accession, 53
 - Work commended, 512
- Tax incentives for U. S. investors abroad :
 - President's budget message to Congress, 237, 428, 429, 729
 - President's recommendations to Congress on foreign economic policy, 604, 842, 999
 - Recommendations of Commission on Foreign Economic Policy, 190, 191, 192, 324

Tax treatment of the forces and their members, convention between U. S., U. K., France, and Federal Republic of Germany, German deposit of ratification, 653

Taxation, double, avoidance of. *See* Double taxation

Teacher-exchange program. *See* Educational exchange program

Technical assistance program, U. N. *See under* United Nations

Technical cooperation, OAS, action by 10th Inter-American Conference, 636

Technical cooperation program, U. S. *See* Mutual security and assistance programs

Technical missions to U. S., Japanese, agreement for, 568

Telecommunication convention, international, accessions and ratifications deposited 773, 1001

Telecommunication policy, U. S., address (Black), 83

Territorial asylum, convention on, 634

Thailand:

- Communist threat to, statement (Dulles), 43
- Geneva Conference, invitation to, 347
- Military talks with U. S., statements (Dulles), 864, 948
- Peace observation mission, request for:
 - Addresses and statements: Dulles, 936, 974; Lodge, 974
 - Thai draft resolution, 975
- Position on Communist threat to Southeast Asia, 590, 623
- U. N. technical aid program, 373

Thermonuclear tests. *See* Atomic energy.

Thimayya, Gen. K. S., correspondence with Gen. Hull on release of nonrepatriated prisoners of war, Korea, 90, 113, 115, 153

Thornton, Dan, visit to Korea, 273, 836

Three powers, convention on relations with Germany, German ratification, 653

Thurston, Ray L., designation in State Department, 966

Thurston, Walter, chairman, U. S.-Mexican Migratory Labor Commission, 565

Timberman, Maj. Gen. Thomas S., efforts to restore freedom of movement in Germany, 509, 510

Tin agreement, international:

- Article (Nichols), 239
- U. S. position, 393

Togoland, British, progress toward self-rule, 336, 718

Togoland, French, administration as trust territory, 716, 718

Token Import Plan, British, extension, 123

Tourism. *See* Travel, international

Trade (*see also* Economic policy and relations, U. S.):

- Agricultural surpluses. *See* Agricultural surpluses
- American republics, trade with, addresses: Cabot, 48; Holland, 767; Woodward, 235
- Battle Act controls, 491, 843
- China, Communist, embargo on exports to, 41, 42, 111, 112, 194, 563, 626, 845, 848, 861
- Commercial samples and advertising material, international convention to facilitate importation, Indonesian accession deposited, 965
- Commercial treaties. *See* Commercial treaties
- East-West trade:
 - Battle Act, 491, 843

Trade—Continued

- East-West trade—Continued
 - Message of President to Congress, 606
 - Recommendations of Foreign Economic Policy Commission, 194
 - Talks, U. S., U. K., and France, 563
- European trade, economic survey by ECE, 608
- Export-Import Bank loans. *See* Export-Import Bank
- Export-licensing regulations, U. S., 157, 321
- Foreign Economic Policy Commission report. *See* Foreign Economic Policy Commission
- FOA report to Congress (June 30-Dec. 31, 1953), 485
- Imports. *See* Imports
- Japanese trade. *See* Japan
- Merchandise, convention on uniformity of nomenclature for classification of, U. S. withdrawal, 929
- Military policy, U. S., effect on foreign trade, address (Hensel), 919
- North Korea, embargo on exports to, 111, 112, 194, 563, 845
- Philippine trade. *See* Philippines
- President's economic reports to Congress, 219, 321, 602
- Price instability in primary commodities, statement (Hotchkis), 726
- Soviet bloc, U. S. export policy, 111, 157, 194, 321, 845
- Strategic materials. *See* Strategic materials
- Sugar agreement, international, 493
- Tariff policy, U. S. *See* Tariff policy
- Tariffs and trade, general agreement on. *See* Tariffs and trade
- Tin exports under international tin agreement, 245
- U. K., Token Import Plan, extension, 123
- War materials, convictions for illegal export, 567
- World Trade Week, proclamation, 801

Trade agreements:

- Ecuador, possible amendment of agreement, 173
- Escape clauses, report on:
 - Message of President to Congress, 173, 603
 - Recommendation of Commission on Foreign Economic Policy, 193
- Scissors and shears, investigation of concessions on and decision not to increase duty, 840
- Uruguay, termination of agreement, 732

Trade Agreements Act (*see also* Tariffs and trade, general agreement on):

- Extension, 220
- Recommendations of Commission on Foreign Economic Policy and President's recommendations to Congress, 193, 603, 841, 842

Trade and Economic Affairs, Joint U. S.-Canada Committee, meeting and communique, 364, 511

Transportation (*see also* Ships and Shipping):

- Pan American Railway Congress, VIII, 167, 963
- Road traffic convention and protocol, 117, 884

Travel, international:

- Americans abroad, article (Colligan), 663
- Facilitation, U. S. measures, letter (Randall to Javits), 997
- Motor traffic, standardization and simplification of regulations, 117, 884, 998
- Recommendations of Commission on Foreign Economic Policy, 194
- Recommendations of President to Congress, 606, 842

Travet, international—Continued

- U. S. customs simplification, 192, 604, 842, 998
- Visa fees and tourist charges, agreement with El Salvador for abolishment, 773
- Treaties, agreements, etc., international (*for specific treaty, see country or subject*):
 - Bilateral economic treaties, U. S. and other countries, listed, 443
 - Bricker amendment, text and views of President, 195
 - Current actions on, listed, 525, 567, 613, 653, 693, 733, 773, 803, 851, 884, 929, 965, 1001
 - Educational exchange, operation under executive agreements, 889
 - Foreign investments, negotiation of treaties for protection of, 729
 - Technical assistance agreements, provisions, 551
- Tribunal, Administrative, U. N., relationship to General Assembly, request for advisory opinion of Court in U. N. awards case, 34, 199, 482, 963
- Trieste, Free Territory of, report on administration of British-U. S. Zone, 124
- Trieste, Zone B, agreement on German external debts, accession deposited, 733
- Trieste problem, postponement of Security Council discussion, 70
- Tripartite Commission on German Debts, completion of work and resignation of U. S. delegate, 69
- Tripartite Pact (Greece, Turkey, Yugoslavia), 248, 276, 365, 441
- Troops, U. S. *See* Armed forces
- Tropical Tuna Commission, Inter-American, appointment of U. S. commissioner, 640
- Trust territories (*see also* Colonialism):
 - Africa. *See under* Africa
 - Pacific. *See* Pacific trust territory
- Trusteeship Council, U. N.:
 - Documents listed, 69, 174, 645, 679, 854
 - 14th session, U. S. representative and advisers, 930
- Trusteeship system, operation, 716
- Tsuzuki, Dr. Masao, visit to U. S., 791
- Tubman, William V. S., visit to U. S., 795
- Tuna Commission, Tropical, Inter-American, appointment of U. S. commissioner, 640
- Tuna industry, Japan, unharmed by radioactivity, 598
- Tung imports, investigation of effect on price-support program, 839
- Tunisian situation, article (Howard), 332
- Turkey:
 - Copper shipments to Czechoslovakia, 493
 - Economic progress, statement (Anderson), 284
 - Export-Import Bank loans, 370, 553, 731
 - Geneva Conference, invitation to, 347
 - Geneva conventions on prisoners of war (1949), ratification deposited, 773
 - International Bank loans, 286, 371, 407, 551, 553
 - Investment legislation, 285*n*, 486, 551
 - NATO, membership, 277, 279, 285, 440, 912
 - NATO, protocol on status of international military headquarters, ratification deposited, 1001
 - NATO, status of forces agreement, accession deposited, 1001

Turkey—Continued

- Pakistan, joint communique on security, 327, 333*n*, 400, 401:
 - Addresses and statements: Byroade, 441, 442; Dulles, 581, 923; Jernegan, 444, 595
 - President of, visit to U. S., 24, 162, 213, 284:
 - Address before joint session of Congress, 247
 - Award of Legion of Merit, 249
 - Prime Minister, visit to U. S., 879, 912
 - Tripartite Balkan Pact (with Greece and Yugoslavia), 248, 276, 365, 441
 - Turkish Straits problem, Soviet proposals and protests, 277
 - U. S. military and economic aid, 247, 279, 366, 367, 550, 553, 580, 714, 992; joint communique, 912
- Underdeveloped areas (*see also* Colonialism):
 - Soviet noncooperation in assistance to, 828, 829
 - U. N. aid. *See* United Nations: Technical assistance program
 - U. S. economic policy toward (*see also* Mutual security and assistance programs), address and statements: Hotchkis, 725; Key, 826
- UNESCO. *See* United Nations Educational, Scientific, and Cultural Organization
- Union of South Africa. *See* South Africa, Union of
- Union of Soviet Socialist Republics. *See* Soviet Socialist Republics, Union of
- United Fruit Co., expropriation of land in Guatemala, U. S. claim and proposed arbitration, 678, 938, 950
- United Kingdom:
 - British Commonwealth, *Foreign Relations* volumes on, released, 654, 966
 - British Guiana, U. S. technical cooperation survey, 89
 - British West Africa, international telecommunication convention, accession deposited, 773
 - Channel Islands, treaty actions, 693, 733
 - Cyprus, statement in U. N. by Greek representative, 276
 - Disarmament efforts in U. N., 986
 - Disarmament Subcommittee, U. N., member, 687, 688
 - East-West trade talks with U. S. and France, 563
- Egypt:
 - Controversy with, developments in 1953, article (Howard), 280
 - Elections in Sudan, address (Sanger), 213
 - Enemy property, conflicting claims to, meetings with U. S. to discuss, 590
- EDC, position on:
 - Policy statement on, 620 (text), 748
 - Statement (Dulles), 185
- Fisheries dispute with Iceland, address (Phleger), 200
- Foreign Ministers' Meeting in Berlin. *See* Foreign Ministers' Meeting
- Geneva Conference. *See* Geneva Conference
- Germany:
 - Interzonal freedom of movement, efforts to restore, 508, 879
 - Unification plan. *See* Foreign Ministers' Meeting
- Germany, East, joint declaration on Soviet claim for "sovereignty" of, 588
- Gold Coast, self-rule, 336, 717

United Kingdom—Continued

- Hong Kong:
 U. S. emergency relief for fire victims, 87
 U. S. export policy, 112
- Indochina and Southeast Asia, conversations with U. S.:
 Joint statement, 622
 Statements (Dulles), 590, 668
- Iranian oil dispute:
 Developments in 1953, article (Howard), 279
 U. S. efforts to settle, address (Sanger), 214
- Isle of Man, application of universal postal convention to, 693
- Military talks with U. S., 948
- Monetary gold case, 199
- Nigeria, self-rule, 298, 336, 717, 718
- Palestine question, draft resolution in Security Council on Jordan Valley project, 58, 59, 297
- Patent Appeal Board, Germany, membership on, 913
- Prime Minister (Churchill) and Foreign Secretary (Eden) to visit U. S., statements (White House and Dulles), 989, 991
- Queen Mother, visit to U. S., 327
- Suez Base negotiations, 213
- Token Import Plan, extension, 123
- Treaties, agreements, etc.:
 Income tax convention with U. S.:
 Amendment, 884
 Supplementary protocol signed, 928
 NATO, status of forces agreement, ratification deposited, 1001
 Postal convention, universal, ratification deposited for U. K., and overseas territories, colonies, etc., 693, 733
 Sugar agreement, international, ratification deposited, 525
 Technical cooperation agreement with U. S. for Caribbean area, 653
 Telecommunication convention, international, accession deposited for British West Africa, 773
- Trieste, British-U. S. Zone, report on administration of, 124
- Trust territories in Africa, administration, 298, 336, 718, 719
- U. S. aid:
 Caribbean area, 653
 Continuance under Battle Act provisions, 491
 U. S.-American ties, strengthening, address (Aldrich), 591
- United Nations:
 Addresses:
 A Fresh Look at the U. N. (Key), 976
 Peaceful Change through the U. N. (Key), 394
 U. N. Record of Accomplishment (Lodge), 721
 U. S. support: Dulles, 935; Matthews, 436; Murphy, 786
 What the U. N. Means to the U. S. (Lodge), 252
 Annual report of Secretary General, excerpt, 275
 China, Communist, unfitness for membership, addresses;
 Dulles, 540; Jenkins, 625, 626, 861, 862; Lodge, 724
 Collective security actions, Soviet obstruction, 984
 Conventional Armaments Commission, 986
 Documents, listed, 34, 67, 131, 174, 526, 573, 607, 645, 679, 715, 854, 888, 993

United Nations—Continued

- Employees:
 Address (Lodge), 254
 Dismissal, question of payment of awards, 34, 199, 482, 963
 Fiscal contributions, 254, 255
 Forced labor report. *See* Forced labor
- General Assembly. *See* General Assembly
- Genocide convention:
 Soviet ratification deposited, 884
 Summary of action on, 882
- Greece, border disturbances, U. N. observation, 978
- Indochina situation, question of action by U. N., 863, 936
- International Bank for Reconstruction and Development. *See* International Bank for Reconstruction and Development
- International Court of Justice. *See* International Court of Justice
- International Law Commission, address (Phleger), 199
- Investment, private international, opportunity for encouraging, 730
- Japan, armed forces in, agreements regarding. *See* Japan
- Japan, question of admission, 514
- Jordan Valley project. *See* Jordan River
- Kashmir, disturbances, U. N. observation, 979
- Korea:
 Contributions, 255, 452, 723, 724, 936
 NNSC, 689, 941, 944, 977
 Observation group in, 979
 Unification, review of U. N. attempts toward, statement (Dulles), 704
 U. N. Command operations. *See under* Korea
- Marshallese complaint regarding atomic tests by U. S., 886
- Minorities Subcommittee, designation of U. S. alternate member, 59
- Motor traffic, international, recommendations, 118
- Observer system, 978, 979, 984
- Palestine question, efforts toward solution. *See* Palestine question
- Peaceful settlement role, 983, 984
- Publications. *See under* Publications
- Security Council. *See* Security Council
- Soviet concept of 5-power control, 182, 222, 223
- Soviet denunciation and rejection of authority of, 915, 916, 917, 977
- Specialized agencies. *See* Specialized agencies and name of agency
- Technical assistance program:
 Address (Key), 396
 Information media, possible application to, statement (Hotchkis), 684
 Latin America, 237, 238
 Soviet reversal of policy toward, 828
 Thailand, 373
 U. S. support, 190, 366, 369, 828, 849, 984
- Thai request for peace observation mission. *See* Thailand
- U. S. economic relations, benefits by participation in U. N., address (Key), 826
- U. S. support, addresses: Dulles, 935; Eisenhower, 703

United Nations—Continued

- “Uniting for Peace” resolution, addresses, statements, etc., 171, 396, 461, 643, 985, 989
- World forum, addresses: Lodge, 723, 724; Key, 976
- World Health Organization. *See* World Health Organization
- United Nations Administrative Tribunal, relationship to General Assembly, submission to International Court of Justice for advisory opinion in U. N. awards case, 34, 199, 482, 963
- United Nations Charter, review of, addresses and statements: Dulles, 170, 397, 642, 644, 645; Key, 397; Lodge, 451; Wainhouse, 642
- United Nations Children's Fund:
 - Accomplishments (1953), 828
 - U. S. contribution to, 366, 371
- United Nations Command operations in Korea. *See under* Korea
- United Nations Conciliation Commission for Palestine, 96, 329, 332
- United Nations Conference on Tin, 239, 241
- United Nations Day:
 - Appointment of chairman of U. S. committee, 567
 - Letter of President Eisenhower regarding, 771
- United Nations Disarmament Commission. *See* Disarmament Commission
- United Nations Economic and Social Council. *See* Economic and Social Council
- United Nations Economic Commission for Europe:
 - Annual economic survey of Europe, statement (Brown), 608
 - Statement (Lodge), 849
- United Nations Educational, Scientific, and Cultural Organization:
 - Cultural Property in the Event of Armed Conflict, Intergovernmental Conference on Protection of, U. S. delegation, 691
 - Educational opportunities for women, report, 649, 650
 - Executive Board meeting, 413
 - Soviet membership, 828, 829, 884, 980
 - U. S. national commission for, appointments to, 60
 - Work of, 828
- United Nations Food and Agriculture Organization, work of, 396, 828
- United Nations Relief and Works Agency for Palestine Refugees:
 - Establishment, 97
 - Extension, 99, 210, 211, 332
 - Jordan Valley project. *See* Jordan River
 - Refugee relief work, 97, 98, 553
 - Sinai Peninsula, irrigation project, 99
 - U. S. contributions, 99, 147, 552
- United Nations Truce Supervision Organization, 212, 329, 331, 979
- United Nations Trusteeship Council. *See* Trusteeship Council
- United States:
 - Attitudes toward Allies, address (Matthews), 434
 - World leadership, 289, 436, 459, 490, 939
- United States citizens:
 - Claims. *See* Claims
 - Detention in Communist China, discussions at Geneva, 949, 950

United States citizens—Continued

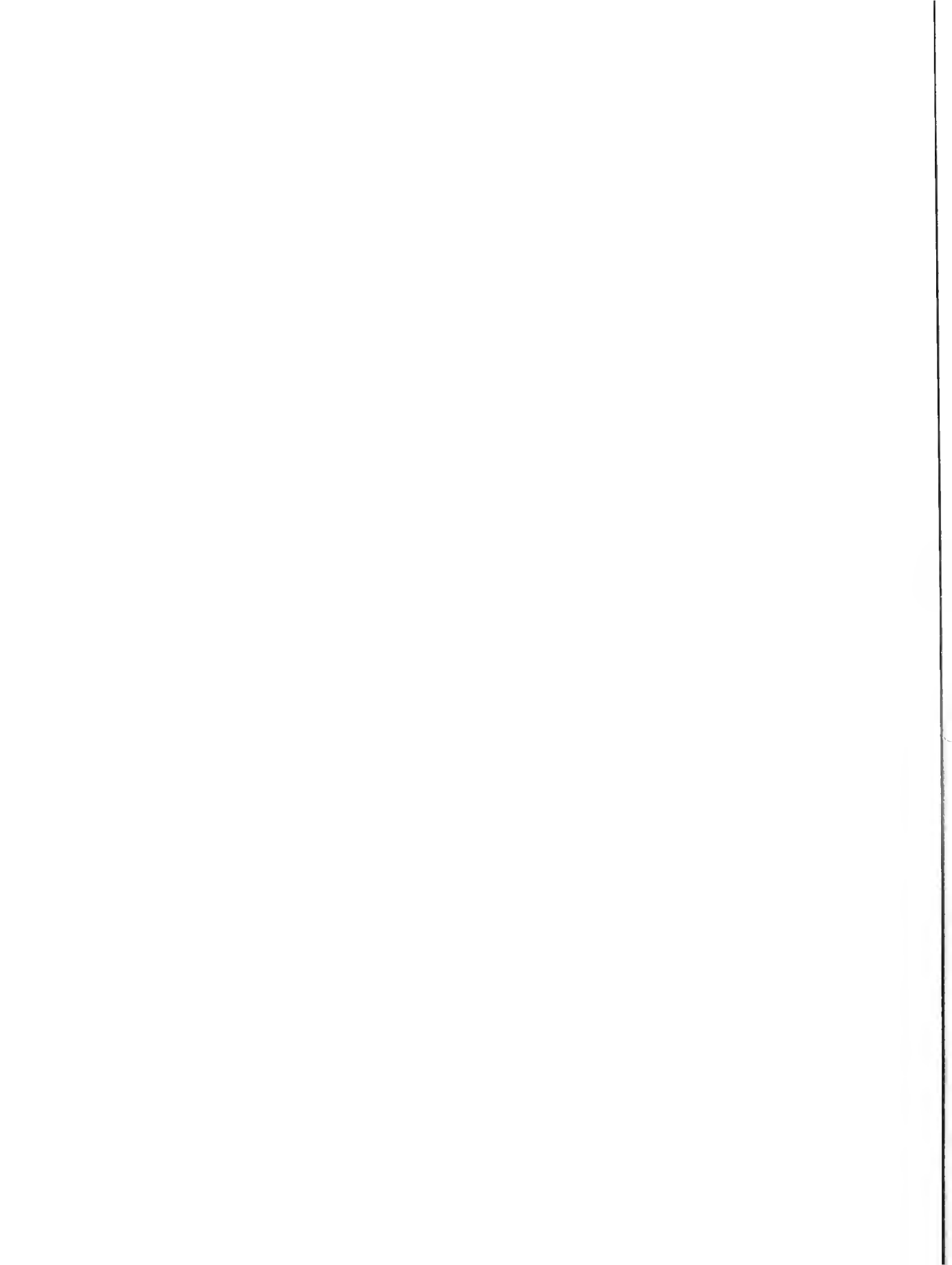
- Journalists, kidnapping by Chinese Communists, 685
- Personal relationships abroad, importance, address (Woodward), 236
- Protection of, in Guatemala, 981, 982
- Traveling abroad, article (Colligan), 663
- United States citizenship, President's recommendations to Congress on internal security legislation, 78
- United States Information Agency. *See* Information Agency, U. S.
- “Uniting for Peace” resolution, U. N., addresses, statements, etc., 171, 396, 461, 643, 985, 989
- Uruguay:
 - GATT, accession to, 53
 - Trade agreement with U. S., termination, 732
 - U. S. Ambassador, confirmation, 298
 - U. S. tariff concessions, proclamation of, 53
- USIA. *See* Information Agency, U. S.
- Venezuela:
 - Inter-American Conference, 10th. *See* Inter-American Conference
 - U. S. private investment, 728
- Vessels. *See* Ships and shipping
- Veto power in U. N. Security Council. *See* Security Council: Voting procedure
- Viet Minh:
 - Aggression in Indochina. *See* Geneva Conference and Indochina
 - Atrocity in Cambodia, Cambodian note and U. S. reply, 746
- Viet-Nam:
 - Communist aggression. *See* Indochina.
 - Independence, progress toward, 359, 432, 539, 582, 742, 784, 863, 924, 948, 972
 - International supervisory commission for, proposed, 944
- Virginia Independence Resolution and Bill of Rights, commemoration, address (Dulles), 779, 988
- Visa fees, agreement with El Salvador for abolishment of certain fees, 773
- Visual and auditory materials, agreement facilitating international circulation of:
 - Entry into force, 1001
 - Haiti, acceptance deposited, 965
- Voice of America (*see also* Broadcasting):
 - Address (Streibert), 205
 - Czech countermeasures, 320
 - Popularity rating, 320
- Voluntary Agencies for Foreign Service, American Council of, article (Ringland), 385, 387, 389, 392
- Voluntary foreign aid:
 - Organization of (1939-53), article (Ringland), 383
 - Refugee relief program, role of voluntary agencies, address, (Auerbach), 797, 800
 - Technical aid program, 389, 674
- Voluntary Foreign Aid, Advisory Committee on, article (Ringland), 383
- Wadsworth, George, confirmation as U. S. Ambassador to Saudi Arabia and Minister to Yemen, 298
- Wadsworth, James J.:
 - Letter to Secretary General of U. N. on U. S. position on reconvening 8th session of General Assembly, 256

- Wadsworth, James J.—Continued
 Statements in U. N. :
 Jordan Valley project, 297
 Prisoners of war, Korea, unrepatriated, release, 153
 Trieste problem, postponement, 70
- Wailles, Edward T., designation as Assistant Secretary of State for Personnel Administration, 413
- Wainhouse, David W. :
 Designation as Deputy Assistant Secretary of State for U. N. Affairs, 483
 Peace and security in the II-bomb age, address, 983
 Tunisian problem, statement, 333
 U. N. Charter review, address, 642
- War Claims Commission, U. S., 24, 811
- War materials, illegal export, convictions, 567
- War relief, voluntary, article (Ringland), 384
- War Relief Control Board, 384, 385
- Waring, Frank A., address on Japanese economy, 293
- Warren, Earl, statements on Japanese recovery, 431
- Warren, George L., articles on Intergovernmental Committee for European Migration, 26, 994
- Warships. *See under* Ships and shipping
- Washburn, Abbott McC., confirmation as Deputy Director, U. S. Information Agency, 337
- Wagh, Samuel C., addresses and statements :
 Agricultural surpluses, use of, 238
 Economic relations, inter-American, 427
 Foreign economic policy, 321
- Weather stations, North Atlantic. *See* North Atlantic ocean stations
- Weeks, Sinclair, U. S. export policy toward Soviet bloc, 111, 321
- Weights and measures, convention on, adherence deposited by Brazil, 1001
- West Africa. *See* Africa
- Western powers, unity, address (Murphy), 473
- "Wetbacks" (*see also* Mexico : Migrant labor agreement), Soviet charges concerning U. S. treatment, 809
- Wheat agreement, international, agreement revising and renewing :
 Actions by Honduras and Yugoslavia, 851
 Status by country, 526
- Wheat shipments to foreign countries :
 Afghanistan, agreement for, 566, 613
 Bolivia, 468, 488, 489
 Jordan, 489, 552 ; agreement, 55
 Libya, 489
 Pakistan, 369, 489, 760
- White, Lincoln, press statements :
 Israeli bus ambush, 554
 Soviet claim of "full sovereignty" for East Germany, 511
- Wiley, Senator Alexander, sponsor of St. Lawrence Seaway bill and remarks upon signing of, 363, 364, 796
- Willauer, Whiting, confirmation as U. S. Ambassador to Honduras, 337
- Wilson, Charles E., statement on air-defense cooperation, U. S. and Canada, 639
- Winterton, Maj. Gen. Sir John, report on administration of British-U. S. Zone of Trieste, 124
- Women, Commission on Education of, proposed study, 649
- Women, Inter-American Commission of, revision of Statute, 638
- Women, rights of, resolutions of 10th Inter-American Conference, 638
- Women, status of, statements in U. N. regarding (Hahn), 646
- Wood, C. Tyler, confirmation as Economic Coordinator, Korea, 337
- Woodward, Mrs. Margaret Rupli, address on economic reconstruction of West Berlin, 584
- Woodward, Robert F. :
 Brazilian coastat shipping, statement on proposed U. S. sale of ships for, 533
 Private enterprise in Latin America, address on, 234
- Woot, U. S. import policy, statement (Eisenhower), 381, 393
- World Bank. *See* International Bank for Reconstruction and Development
- World brotherhood, address (Murphy), 785
- World Health Organization :
 Budget for 1955 and U. S. assessment, 964
 Executive Board session, U. S. delegation, 130
 Work of, 396, 828, 981
 World Health Assembly, 7th, U. S. delegation, 771
- World Meteorological Organization convention, application to Spanish Guinea and Spanish Zone of Morocco, 733
- World power situation, address (Murphy), 988
- World Trade Week, proclamation, 801
- Wounded and sick, treatment in time of war. *See* Geneva conventions
- Wriston, Henry M., recommendations for strengthening U. S. Foreign Service, 413, 1002
- Yalta, 180, 312, 541, 971
- Yemen, U. S. Minister, confirmation, 298
- Yoshida, Shigeru, visit to U. S. postponed, 918
- Yugoslavia :
 Ambassador to U. S. credentials, 624
 FOA allotments for U. S. agricultural surpluses, 714
 Tripartite Balkan Pact (with Greece and Turkey), 248, 276, 365, 441
 Wheat agreement, international, accession deposited, 851
- Zahedi, Fazlollah, request for U. S. aid for Iran, 280
- Zionism. *See* Israel

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A REPORT ON NATO	
Address by Secretary Dulles	3
Statement by the President	7
Text of NAC Communique	8
MEETING THE PEOPLE OF ASIA ● by Vice President Nixon	10
ATTEMPTED NEGOTIATIONS AT PANMUNJOM ● by Ambassador Arthur H. Dean	15
CANADA-UNITED STATES RELATIONS ● by Ambassador R. Douglas Stuart	18
INTERNATIONAL EFFORTS TO SOLVE REFUGEE • PROBLEM ● Article by George L. Warren	26

For index see inside back cover



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A Report on the North Atlantic Treaty Organization

Address by Secretary Dulles¹

Last week the NATO Ministerial Council met in Paris. The United States was represented by the Secretaries of State, Treasury, and Defense, and by the Director of the Foreign Operations Administration. We reviewed the progress made and we made plans for the future.

This is important business from the standpoint of the American people. NATO comes closer than anything yet to being an effective international community police force. Fourteen nations have joined together to create a defensive organization committed to protect the security of a large area. This area is vital to the defense of freedom. It constitutes the principal home of Western civilization. Also, the Western European part contains coal and iron and industrial plants which, if they fell into hostile hands, would markedly shift the balance of power away from us.

All of the 14 member nations have made important contributions toward building this North Atlantic Treaty Organization. Many strategic facilities are contributed by smaller nations. Most of the forces in Europe are contributed by nations other than the United States, although there are approximately six United States divisions, with air and naval support, now in the European theater. The United States has made the largest single contribution to arming and equipping the NATO forces. We have put some \$11 billion into this phase of our effort.

The project is so vital and the investment in it so large that it deserves careful supervision. That is, of course, the continuing task of our able permanent representative at NATO's headquarters in France.² But also it is important that Cabinet Ministers from the 14 countries should come together to talk about NATO and its problems.

The "Long Haul" Concept

We found the Organization in good shape. It has adapted itself to a new concept which the

United States brought to the NATO meeting of last April. This was that NATO should operate on a budget which the member nations can sustain for what may be a long period.

When NATO was organized in 1950, many thought that general war might come quickly and that NATO should build itself up, on an emergency basis, to full defensive strength. That involved setting a pace which none of the member nations could sustain indefinitely.

At the Ministerial Council Meeting of last April, virtually every member nation was saying that it could not carry its allotted share of the NATO program without large grants of economic aid from the United States. The total was a figure which the United States itself could not indefinitely support.

It seemed to us that it was justifiable and even prudent now to moderate NATO's emergency—and exhausting—pace.

So, at the last April Council Meeting, the United States put forward a new concept, now known as that of the "long haul." That means a steady development of NATO, which, however, will preserve, and not exhaust, the economic and fiscal strength of member nations.

Some feared that this shift, from the mood of emergency to that of a steady pace, could not be made without destroying the morale of the Organization and leading to its disintegration. Some felt that what we proposed would be misinterpreted as a loss of United States interest in NATO. We knew that the change of pace could not be safely accomplished except by skillful handling. But that has now been done. It was made possible by comprehension on the part of the permanent staff and the military leaders of NATO. They were statesmen, as well as soldiers, and they understood and adapted themselves to the need of taking into account all of the risks—not merely the military risks, but also the nonmilitary risks.

Today we can honestly judge that NATO is on a sustainable basis.

This sustaining basis is one which largely reduces the necessity for continuing United States

¹Made before the National Press Club, Washington, D. C., on Dec. 22 (press release 668).

²Ambassador John C. Hughes.

economic aid to the countries of Western Europe.

These countries have made a good economic recovery. Their currencies are showing greater strength and stability. The inflationary pressures are reduced, as a result of sounder fiscal and monetary policies. There is also some progress toward greater economic freedom and liberalization of trade, though there continue to be serious restrictions on the movement of goods, and especially on the import of dollar goods.

These NATO meetings, along with the activities of other international groups, are spreading an understanding of the requirements for economic strength, which is basic to the political and military strength of the West.

The Deterrent of Captives' Discontent

It is important to bear in mind that while military power is a principal deterrent to armed aggression, it can be importantly reinforced by other deterrents. For example, the Soviet rulers may hesitate to attack if contrasting social conditions bring them domestic troubles.

At our Paris meeting it was generally judged by the NATO Ministers that the danger of open military aggression from Soviet Russia was less than it had been a year or two before. That, if true, is largely due to NATO's growing power. But also it is due to internal pressures and discontents resulting from the bad living conditions within the Soviet bloc and the contrasting better conditions within the neighboring free countries.

It seems that the Soviet rulers' exploitation of their own and the satellite peoples has reached a point where it would be reckless for them to engage in general war. All recent major speeches by high Soviet officials seek to encourage their people to hope for more food and more consumers' goods of better quality. That clearly shows a popular demand so insistent that it cannot be ignored. It suggests that perhaps the workers within the Soviet Union may be allowed to work less for military purposes and more for their own good. That, of course, would be a welcome approach to the practices observed in the free world.

The revolt of last June within East Germany exposed the vast underlying discontent which exists among the workers within the satellite areas. It indicates that if there were an armed invasion of Western Europe, the Soviet lines of communication might not be altogether secure.

These were among the factors which, the Foreign Ministers at Paris felt, operated to deter an invasion of Western Europe. It shows how important it is for the free world countries to continue to provide living standards really superior to those within the captive world.

I am not suggesting that an orgy of self-indulgence is the answer to the Soviet menace. The danger is immense and persistent. This is no time for the free world to relax and to weaken its

own military capacity to defend and strike back. We are, however, at a time when we can usefully confront Soviet rulers with a demonstration of our capacity to do two things at once—i. e., to develop military power and to increase well-being.

I said to the NATO Council—

We are convinced that our members can provide the resources for an adequate defense, including a wide range of new weapons, and at the same time permit a steady improvement in the living standards and general welfare of our peoples. . . . That itself is a security measure. It nullifies the Communists' subversive efforts against the free governments. Also, it creates a striking contrast to despotism, and thus confronts the Soviet rulers with a dilemma at home.

We gave consideration to the problem of the defense of the North American Continent. Canada and the United States form part of the treaty area and the Council recognizes that it is important to protect North America's military potential. The temptation to aggression would be great if the aggressor could, by an initial blow, knock out the industrial power of North America.

It is not feasible to provide an absolute insurance against serious damage to our cities and industries. However, it is possible to secure a substantial measure of protection.

The Foreign Minister of Canada joined with us in emphasizing the importance to NATO of defensive measures within this continent. But we both indicated that this would not be sought at a scale of expense which would impair the ability of our countries to contribute to other aspects of the NATO effort.

We were greatly impressed by the spirit of vigorous fellowship which pervades NATO. The permanent NATO staff, drawn from 14 countries, is dedicated to a common purpose. That is an inspiring fact. Indeed, NATO is a unique organization in more respects than one. Never before have sovereign nations so freely exchanged military information. Never before have nations taken recommendations from an international body concerning length of military service, balance of forces between military services, and other equally delicate problems and, what is even more surprising, accepted them in spite of adverse domestic political considerations.

The American people can take pride in NATO and take comfort in it. We should sustain it on the basis now planned—a basis which involves a fair sharing of burdens and benefits, and which combines growing strength for NATO with economic and fiscal integrity for ourselves and other member countries.

Certainly, each member of NATO gets out of it much more than the price of admission. It is costly, but it is not nearly as costly as though each tried to buy separately, for itself alone, the amount of security that it now gets on a collective basis. Indeed, no nation, at any cost, could get alone what NATO provides for all its members.

The Precarious Foundation

So far, so good. However, if we go farther and delve deeper, it is not so good. NATO has become a splendid structure. But it rests upon a foundation which is precarious and which must cause us grave concern.

United States postwar policy has consistently recognized the imperative necessity of a closer integration of Western Europe. Congress expressed that when it adopted the European Recovery Program in 1948, when it ratified the North Atlantic Treaty in 1949, and when it subsequently provided economic and military assistance to Europe. In so doing, our Congress was not imposing an American concept on Europe. It was endorsing a conviction that every Western European statesman of this generation has eloquently and forcefully expressed.

Actually, much progress has been made toward economic, military, and political unity.

A Coal and Steel Community has already been created and the possibility of broader unity now resides in the treaty to create a European Defense Community (Edc). This treaty was signed in May 1952 by France, Italy, Belgium, the Netherlands, Luxembourg and the West German Republic. In essence, this treaty provided for the establishment of a common military force, drawn from the six countries, which would be placed under common institutions created by them. They would operate under a single budget, with common procurement of military equipment. They would have similar uniforms and training and would be put at the disposal of the NATO Supreme Commander.

At the same time that this Edc treaty was signed, the United States, the United Kingdom, and France signed a convention with the West German Republic designed, in effect, to end the postwar occupation.³ This convention, however, provides that it does not come into force unless the Edc treaty comes into force.

It was contemplated by the Edc treaty that it would be ratified within 6 months. Now 18 months have elapsed and there is still no assurance of early action, although good progress toward ratification has been made in several of the Edc countries. No Parliament to which the Edc treaty has been submitted has voted against ratification. But some of the Parliaments have not wanted to face the issue.

None of us must underestimate the difficulty of affirmative action. It involves a merging of national institutions which the nations identify with their respective histories. It involves substituting fellowship for hatreds which are both ancient and recent. However, the day of decision cannot be indefinitely postponed. We are close to a date when nonaction is the equivalent of adverse action. This is the more true because the Mutual

Security Act of 1953 conditions much of our European military support upon the actual existence of Edc.⁴

"The Deadly Danger of Procrastination"

General Eisenhower, in an address made in London on July 3, 1951,⁵ made an appeal for European unity which has rarely, if ever, been equaled in its eloquence and in the clarity of its reasoning. After speaking of the immense gains that could be achieved through unity, General Eisenhower pointed out that "the project faces the deadly danger of procrastination. . . . The negative is always the easy side, since it holds that nothing should be done. The negative is happy in lethargy, contemplating, almost with complacent satisfaction, the difficulties of any other course."

Since he spoke, 21½ years have gone by and the truth of his observation has been manifest.

When I was in Paris last week, I mentioned the importance of action soon, and said that if there was not an early and affirmative response, the United States would have to undertake an "agonizing reappraisal" of basic foreign policy in relation to Europe.

That statement, I thought, reflected a self-evident truth. Successive international communiques issued throughout this year have said that the consummation of Edc was "urgent," of "paramount importance," "necessary," "needed" and "essential." But these weighty utterances seem not to have sunk in. Let me, therefore, mention three of the factors which make Edc essential.

1. There is the immediate problem of the so-called "forward strategy" in Western Europe. This means a plan, and a will, to defend the entire area of the prospective Edc countries rather than to contemplate from the beginning the abandonment of advanced positions in Germany, which might make the rest untenable. In pursuance of this strategy, a substantial part of the United States Army occupies advanced positions in West Germany. However, without the Edc, it is not legally permissible to draw on German strength for the defense of German soil. Equally, of course, it is not acceptable that the United States should continue in the role of being a principal defender of Germany, while the Germans themselves look on as mere observers. The "forward strategy" was initiated in September 1950 on the assumption that there would soon be German participation in

⁴The Richards amendment to the Mutual Security Act of 1953 stipulates that, of the equipment and materials made available for military assistance to Europe with funds authorized for fiscal year 1954, 50 percent shall be transferred to "the organization which may evolve from current international discussions concerning a European defense community" or "to the countries which become members thereof."

⁵BULLETIN of July 30, 1951, p. 163.

³BULLETIN of June 9, 1952, p. 887.

the common defense. If that prospect disappears, then the basic strategy of NATO will have to be reexamined.

2. There is not merely the problem of providing German contingents, but of doing so in a form reasonably acceptable to Germany's neighbors. EDC meets this problem by limiting German forces and providing that the Germans who are armed will form part of a six-power army. They will not be subject to a German General Staff and they cannot be used for national purposes. This gives assurances to France and other nations, including the Soviet Union, which have a legitimate concern that Germans shall not be rearmed under conditions which would make possible a recurrence of such invasions as they have suffered from German militarism.

3. There is the problem of permanently sealing the breach between France and Germany.

Twelve years ago, as the United States formally entered into World War II, I wrote:

Continental Europe has been the world's worst fire hazard. Now the whole structure is consumed in flames. We condemn those who started and spread the fire. But this does not mean when the time comes to rebuild that we should reproduce a demonstrated fire trap.

To my mind this is the dominant consideration. It takes precedence over getting German divisions under NATO, important as that is. The essential is to end, once and for all, the suicidal strife which has long plagued the Western World. It has so weakened it, both materially and in prestige, that Western civilization can now be seriously challenged by a materialist civilization, which, behind a thin veneer of sanctimonious theory, actually reproduces the human degradation of dark ages.

"Alternatives" to EDC

It is said that there must be alternatives to EDC. Of course, if EDC fails, there will be things to be done. We are not blind to that. But I do not see "alternatives" in the sense of other practical ways of accomplishing the three EDC goals I mentioned.

Let us, by way of illustration, take the "alternative" which is most mentioned, that is, to restore sovereignty to the West German Republic and then to make it a member of NATO.

That is simply said, but hardly done; at best it accomplishes merely the first of the three purposes of EDC. It would bring German soldiers into NATO.

But how about the second goal, of doing this in a way to reassure France and Soviet Russia? It would recreate a German national force which could be withdrawn for national purposes at the will of a German general staff. This is not reassuring.

How about the third goal, of creating organic unity in Western Europe which will assure an

ending of its suicidal strife? This great goal will be lost in the rebirth of nationalism.

But supposing we decided, as we might, to try this way. Let us not imagine that the procedure would be simple or expeditious. First, it would call for renegotiation of the present four-power convention designed to restore West German sovereignty. That is because, as I pointed out, the present convention depends upon the coming into force of EDC. The renegotiation of that treaty under present circumstances might not be easy, nor is it clear that the four powers would again readily find themselves in agreement.

If, however, this hurdle can be overcome, there would then be the problem of bringing West Germany into NATO. This would require first of all willingness on the part of West Germany to apply for NATO membership. This willingness cannot be assured. Many Germans strongly oppose the re-creation of a German national army with a German General Staff.

There would then be the problem of securing the necessary amendment of the NATO treaty by each of the 14 member nations. There are many in France who wonder whether a French Parliament which rejected German rearmament under the severe limits of EDC would ratify an amendment to NATO which would entitle West Germany to arm without those limitations. France has in this matter a legal power of veto.

There are, of course, many other suggested "alternatives." I would not want to be understood as rejecting any of them. But all of them, as President Eisenhower has said, are "feeble." Also, they all would take time, a factor which cannot now be ignored.

Powerful forces are now here to draw together the six nations of the proposed European Defense Community, and Britain and the United States are prepared to pledge to this Community their firm support. But unless unity is achieved soon, this historic moment may pass and different and divisive forces may take command.

Already there is evidence of this in Europe. The Soviet Union is playing the dangerous game of seeming to support France and Germany against each other. Soviet propaganda is recreating in France the fears of Germany. It is creating in Germany resentment against France, on the ground that its indecision is prolonging an occupation of Germany which already has lasted for nearly 9 years since the armistice. Chancellor Adenauer already last week found it necessary to plead with the German people to be patient. The fact that that plea was necessary should be a warning sign that we do not have time to burn.

We have reached one of those points where the perfect is the greatest enemy of the good. No doubt the EDC treaty is less than perfect. However, it does decisively pose the fateful choice. It has become the symbol of Europe's will to make it possible to achieve a unity which will depend-

ably safeguard our Western civilization and all that it means in terms of human dignity and human welfare.

Of course, if Epc fails, we shall do something. But what we then do may be quite different from what we had hoped would be possible. It may involve our tactically picking our way through a maze of manifold perils, as of old.

I have confidence that the United States is strong enough, resourceful enough, and wise enough to preserve its vital interests even in the face of a failure of the Epc and the European unity it symbolizes.

We need not, however, end upon any somber note. I do not believe that there will be failure to achieve European unity. My belief derives from the fact that the peoples of Europe do in fact possess qualities which make it imperative that Europe should be saved.

Europe is important for many reasons. It is strategically located and it has industrial power. But above all, Europe is important because of its people. They possess to a unique degree the qualities which ennoble a civilization which bears the deep imprint of Christianity. That is a fact which it is, I think, appropriate to mention as we approach Christmas Day.

What are those qualities? In individuals they are minds trained to reason clearly and serenely, vision to see far and truly, hearts which comprehend the Fatherhood of God and the fellowship of man, and, finally, capacity to act rather than to be merely contemplative.

In government, the quality we respect is willingness to trust, in great matters, to the response of individuals possessed of the qualities I mention.

I have hopes in the response to be made regarding European unity, because I have faith in our civilization and in its human products. Delays and difficulties so far encountered are above all due to the fact that the issues have been obscured, so that the people do not see and think and comprehend and act.

That murky period is coming to an end. As the day of decision irrevocably approaches, so does comprehension grow. Therefore we can have high hopes.

I have dealt in my talk with NATO because a report on that organization is due the American people. But also we can find elsewhere good ground for hope.

Our society of freedom has gained a clear moral initiative over the forces of reaction.

After years of futile and evasive debate on the part of the Soviet Union about atomic weapons, it has at least indicated a willingness to talk confidentially, and we hope seriously, about this problem.

After months of attempted evasion, the Soviet Union finally, it seems, will meet and talk, again we hope seriously, about the unification of Germany and the liberation of Austria. We have

not yet had any formal reply to our invitation to meet at Berlin on January 4, but the Soviet statement received yesterday speaks of "the forthcoming conference in Berlin."

The coming year will be a year for great decision. There lie ahead European unity, a possible recession of the horror of atomic warfare, and a beginning of an ending of the unnatural division of Europe.

In Korea we look forward to the first year of peace since 1949.

The problems are many and grievous, but our hopes are high. We can, therefore, in all honesty look forward to the happier New Year, which I wish you all.

President's Views on NATO Report

White House press release dated December 23

At today's meeting of the National Security Council, the President received with satisfaction the report on NATO made by Mr. Dulles, Mr. Humphrey, Mr. Wilson and Mr. Stassen, who attended the Ministerial Council Meeting at Paris. They reported that NATO is functioning efficiently, and is continuing to develop the strength and cohesion needed to provide security on a long-term collective basis.

The President was informed concerning the prospects of bringing into being the European Defense Community, a matter which has long been of deep concern to him. He considers this the only practical proposal for ending permanently the recurrent strife between France and Germany, provoked twice in our own generation by German militarism, and of creating a solid core at the center of the NATO structure. The President shares the view which had been expressed to the Council by Secretary Dulles, that failure soon to consummate the Epc would confront the United States with the necessity of reappraising its basic policies as regards Europe.

The President also was informed of the operations of the European Coal and Steel Community which has already brought together, in limited unity, the six nations which are prospective members of the European Defense and Political Communities. He was encouraged that the Coal and Steel Community is now in effective operation and reaffirms his hope that ways might be found to enable the United States to assist, on a loan basis, in modernizing and developing the natural resources within the jurisdiction of this Community, in accordance with his letter of June 15 to the Senate Foreign Relations Committee and the House Foreign Affairs Committee.¹

¹ BULLETIN of June 29, 1953, p. 927.

North Atlantic Council Holds Twelfth Session

TEXT OF FINAL COMMUNIQUE¹

1. The North Atlantic Council, meeting in Paris in Ministerial Session under the Chairmanship of the French Foreign Minister, M. Georges Bidault, completed its work today.

2. The Council examined the international situation and views were exchanged on matters of common concern, including Soviet policy. The Council concluded that there had been no evidence of any change in ultimate Soviet objectives and that it remained a principal Soviet aim to bring about the disintegration of the Atlantic Alliance. While the Soviet Government had yet to show that it genuinely desired to reach agreement on any of the outstanding points of difference throughout the world, the policy of NATO is to seek solutions to problems by peaceful means. The Council therefore welcomed the steps taken by the Governments of France, the United Kingdom and the United States in their recent exchanges of notes with the Soviet Government to bring about an early meeting of the four Foreign Ministers in Berlin. The Council also warmly endorsed the initiative taken by the President of the United States in placing before the United Nations proposals for developing and expediting the peaceful use of atomic energy and bringing together the Powers principally involved in order to seek a solution to the problem of atomic armaments.²

3. The Council reaffirmed its conviction that peace and security must be the paramount aim of the North Atlantic Treaty Organization. It recognised that the increasing strength and unity of the North Atlantic Powers, which must be steadily reinforced, had proved to be decisive factors in maintaining peace and preventing aggression. Nevertheless, the threat to the Western world remains and member countries must be ready to face a continuance of this threat over a long period. The Atlantic Community must therefore be prepared to keep in being over a period of years forces and weapons which will be a major factor in deterring aggression and in contributing to the effective security of the NATO area, and which member countries can afford while at the same time maintaining and strengthening their economic and social structures. Improvements must continually be sought in the quality of NATO forces and to ensure that they have equipment which is always up-to-date so that, in the event of attack, they can act as a shield behind

which the full strength of the member countries can be rapidly mobilised.

Within the continuously developing framework of the Atlantic Community the institution of the European Defence Community, including a German contribution, remains an essential objective for the reinforcement of the defensive strength of the Alliance.

4. The Council considered the Report on the Annual Review for 1953 which records the progress in the NATO defence effort particularly during the past year. At its meeting in December 1952, the Council laid emphasis on the development of the effectiveness of the forces.³ In this respect notable progress has been made. Large quantities of new equipment have been provided to the forces. This has enabled, in particular, many new support units to be built up. The goals established for the current year have been completely met for the land forces and to a substantial extent for the naval and air forces.

5. On the basis of recommendations made in the Report, the Council adopted firm force goals for 1954, provisional goals for 1955, and planning goals for 1956. The force goals agreed upon for 1954 envisaged some increase in the numerical strength of existing NATO forces and a very substantial improvement in their quality and effectiveness.

6. It was agreed that special attention should be given to the continuing provision of modern weapons of the latest types to support the NATO defence system.

The Council noted with satisfaction the intention of the President of the United States of America to ask Congress for authority to provide information on nuclear weapons to NATO commanders for purposes of NATO military planning.⁴

³ For text of the communique, see *ibid.*, Jan. 5, 1953, p. 3.

⁴ Secretary of Defense Charles E. Wilson, addressing the Ministers on Dec. 15, had announced the President's intention. At his press conference in Washington on Dec. 16, the President replied as follows to a question on the subject:

"There are certain changes in the law that are necessary before America can realize the full value with its allies out of the development that has been going on since the World War in this field, this weapons field.

"Now, there are no changes contemplated by me or by the Chairman of the Atomic Energy Commission that have anything to do with the scientific processes of nuclear fission or building of weapons or building of anything else. But where we are attempting to assure the integrity of a line, where we feel that our interest requires to hold it, it is simply foolish for us to think that we cannot or must not share some kind of our information with our allies who would be dependent upon the same kind of support of this kind as we will.

"In other words, it is a very limited field, but certain revisions of the law are necessary before we can do anything, because you must remember that the law was passed under conditions that are not even remotely resembling what they are now."

¹ Released to the press at Paris by the NAC Information Service on Dec. 16.

² For text of the President's address, see BULLETIN of Dec. 21, 1953, p. 847.

7. The Council recognized that a long-term defence system as now envisaged raises important military and financial problems. With respect to the military problems, the Council invited the Military Committee to continue its re-assessment of the most effective pattern of military forces, for this long term, both active and reserve, due regard being paid to the results of studies of the effect of new weapons. The Council will be kept informed of the progress of this work and a report will be submitted to it in due course. The Council will also keep under review the very considerable financial effort still required to continue the present build-up, to maintain NATO forces at an adequate level of readiness and to replace obsolescent weapons.

8. The Council heard statements by Admiral Sir John Edelman, Commander-in-Chief Channel, Admiral L. D. McCormick, Supreme Allied Commander Atlantic, and General Alfred M. Gruenther, Supreme Allied Commander Europe, on the work achieved in their Commands, and took note of a progress report by the Military Committee.

9. In the course of its review the Council considered the Secretary General's Report and welcomed the progress recorded since the last Ministerial Meeting in April.⁵ It emphasized the importance of the work being done to co-ordinate national planning in such matters as civil defence, the wartime control and distribution of commodities and of shipping and other means of transport. Agreement was expressed with Lord Ismay's view that the preparations by member governments in these fields should parallel the progress already achieved in the military field. The Council took note that the problems of manpower had been kept under review and that several recommendations to governments had been approved. Progress which had been achieved this year in preparing correlated production programmes was welcomed. These programmes cover production, for several years ahead, of important ranges of military equipment. The Council expressed satisfaction with the Secretary General's Report on the implementation of the common infrastructure programmes. Besides a large number of projects now under construction, no less than 120 airfields and a large network of signals communications facilities are in use by NATO forces.

10. Ministers took the opportunity to meet together in restricted session and discussed informally matters of interest to all the member governments. They intend at future meetings to continue this procedure, which developed naturally from the sense of unity in the Alliance. They are continually mindful of the political links which bind them in an Alliance which is not solely military in character.

⁵ For text of the April communique, see *ibid.*, May 11, 1953, p. 673.

Soviet Union Delays Four Power Meeting

Press release 675 dated December 26

The Soviet Union on December 26, after 18 days of deliberation, advised that it will meet in Berlin but not on January 4 as the Governments of France, the United Kingdom, and the United States had proposed.¹ It suggests January 25 "or any subsequent day" as suitable for the meeting. It says that this later date is a "necessity for appropriate preparation." This seems somewhat curious in light of the fact that the three-power invitation to the Soviet Union has been outstanding since last July. In suggesting a postponement, the Soviet Union refers to the necessity of assuring proper conditions of participation in this conference for all four Governments. The Soviet Union presumably has solicitude for other participating governments and assumes that it is better qualified than the Governments of France, the United Kingdom, and the United States to decide what best suits their own interests.

The U.S. Government will promptly exchange views with the Governments of France and the United Kingdom in order to prepare an early reply to the Soviet Union. The Soviet note would appear to delay for 3 weeks but not to prevent this meeting which the three Western Powers have long sought and to which they attach high importance.

Soviet Response to U.S. Atomic Proposal

Statement by Secretary Dulles

Press release 666 dated December 21

The Soviet Minister for Foreign Affairs has now delivered to Ambassador Bohlen, and has broadcast, the response of the Soviet Union to President Eisenhower's address of December 8 before the United Nations.² President Eisenhower's address carried to every corner of the globe hope for the recession of the horror of atomic warfare.

The United States was ready, the President said, to meet privately with such other countries as may be principally involved, including the Soviet Union, to seek an acceptable solution to the atomic armaments race. Into those talks the United States would carry a new conception for a "world bank" under the auspices of the United Nations, into which nations possessing normal uranium and fissionable materials would make contributions for

¹ BULLETIN of Dec. 21, 1953, p. 852.

² *Ibid.*, p. 847.

peaceful purposes. The President sought a "way by which the miraculous inventiveness of man shall not be dedicated to his death, but consecrated to his life."

In its response the Soviet Union expresses its readiness to take part in confidential or diplomatic talks concerning the President's proposal. This is hopeful.

At the same time, the Soviet response criticizes the President's proposal on the ground that it will not remove the threat of atomic weapons. It also restates former positions taken by the Soviet

Union. The Soviet Union seems not to have caught the spirit of the President's proposal. Its very purpose was to find a new and clearly feasible basis which will permit of actually getting started.

It has long been evident, and the tone of the Soviet response makes it even clearer, that little can be achieved by the continuance of public debate. The United States will, through the new channels which the Soviet Union now accepts, explore every possibility of securing agreement and bringing President Eisenhower's historic proposal into the realm of creative action.

Meeting the People of Asia

by Vice President Nixon¹

I appreciate the opportunity which has been given me by the television and radio networks to talk to you tonight in your homes about a part of the world that we Americans know very little about and about a part of the world which will have a great effect on our future.

When the President suggested that I make this report I debated on just what to say. It couldn't be a high policy speech because it is of course the province of the President and the Secretary of State to announce foreign-policy decisions. And so what I tried to do is put myself in the place of those of you who are listening and watching this program. What are the questions you would ask about the places that we have been if I were to visit you tonight in your living room? I jotted some of them down, and I'm going to try to answer them as well as I can.

First, and this is of course an important question, why take such a trip at all? Why should Americans care what happens one-half way around the world? There are two very good reasons for taking such a trip. One hundred and fifty thousand Americans who were killed and wounded in Korea are the best evidence that what happens there in that part of the world affects us here. And then when you consider the places we visited, consider the number of people who live there, and when you consider the breakdown in people in the world, you will see why this trip was important.

Today there are approximately 540 million people who can be counted on the side of the free nations. There are 800 million on the Communist

side. And there are 600 million others who must be counted as noncommitted, and most of those 600 million live in the countries which we visited. The Communists are making an all-out effort to win this area. The best proof of that effort is the fact that they waged war in Korea and they are waging war now in Indochina and in Malaya. They have stirred up revolutions in Burma and Indonesia and the Philippines, and they have supported subversion everywhere in this area. If they take this area, all of it or part of it, the balance of power in the world in people and resources will be on their side, and the free world eventually will be forced to its knees. It is vital therefore to keep this part of the world from falling into Communist hands.

And now another question which you might ask would be this: What did we do, what are the things that impressed us the most? Well, of course, we have a lot of memories about this trip. We traveled a great deal by virtually every kind of conveyance—by air, by automobile, by boat, by carriage, by helicopter, by train, even once for a few blocks by oxcart.

And we saw a number of great sights. The spectacular scenic beauty of Australia and New Zealand; the magnificence of Boribudur in Indonesia; Singapore, the crossroads of the Far East with ships in the harbor from every country of the world; the temple of the Emerald Buddha and the Grand Palace in Thailand; Fujiyama and the shrines of Kyoto in Japan; Dewey Boulevard, the vitality of our sister republic in the Philippines with its great new leader President Mag-saysay; the Taj Mahal in India; the courage, the raw, robust strength of Karachi; the snowcapped

¹ Address made over radio and television on Dec. 23.

mountains in Afghanistan, right near the top of the world; and the magnificence and delicacy of Persian art in Tehran.

In addition we were entertained. We were entertained by emperors, by kings, by prime ministers, by diplomats, and we received some mementos of the trip, some very beautiful and some very significant. I recall particularly that when we were in Hong Kong, the Chinese community there gave a dinner for us, and the memento that they gave us was an ivory replica of the Statue of Liberty. I have it here, and it's interesting to note—and this is an indication of the fine work that is done there—the detail, detail which would never be done perhaps any place else in the world, that around the torch, inscribed in lettering so small that it can't be seen by the naked eye, is the whole Declaration of Independence in Chinese characters.

100,000 Handshakes

Well, so much for the things that we saw and the things that we did. However, much as the impression was that they made upon us, the greatest impression that was made upon us was something very different, and it was a result of something we did that was different. You may have read in the papers that in addition to seeing the top officials of the governments of the countries we visited, we made it a point to talk to workers and farmers and schoolchildren. Mrs. Nixon, while I had interviews with the prime ministers and the kings and the emperors, visited hospitals and orphanages and welfare institutions. We figured up after we got back and we think that we shook hands with over a hundred thousand people in 2 months and 2 weeks. As a matter of fact we even shook hands with some Communists. When we were up in Pegu in Burma, they were picketing us, and we walked right among them, met them, greeted them, talked to them, and as a result of doing that the Communist demonstration broke up. I have here, incidentally, some of the literature that they were passing out. It's addressed to "Richard Nixon, Esquire, Deputy Chief Executive of the U. S. A." That's their term, I guess, for Vice President.

But you ask this question: Well, why see these ordinary people? And I'll tell you why. There were two purposes. We wanted them to know America, and we wanted to know them. Because, you see, a vicious smear of America and Americans is being made by the Communists all over the world. They have created in the minds of the people that we are arrogant, that we are mean, that we are prejudiced, that we are superior, that we are bent on war rather than on a program that will lead to peace. And the only answer to such propaganda is not words. The only answer is deeds. And so we decided to act just as we would at home despite the warnings that were given us that the people of Asia wouldn't appreciate this

kind of approach, that they were different from people of the United States. We found that they weren't nearly as different as we imagined or as some of those who had been there before had told us that they were. We found that we were very much more alike than we were different every place that we went.

And I want to say in that connection that we wanted to know what the people of Asia, the people of the countries we visited, were like. What were their aspirations? What were their hopes? I think it's pretty well summed up by what a very wise and a very young king told me—the King of Thailand. He was speaking about the needs of Thailand, a country which is threatened from Communist subversion within and possible Communist aggression at any time, of course, from without. He said they needed military assistance, they needed economic assistance, and they needed understanding. And significantly enough, he told me that understanding was the most important of the three.

Now let me say that all of you will of course have the next question on your minds—what did we find as a result of this kind of approach? Well, we found a great well of friendship for America. We found, it is true, terrible poverty and hardship. Let me give you some examples. We found that in India, in portions of India, the per-capita income is one-twentieth of what it is in Mississippi. In Hong Kong I talked to a police sergeant. His job was to register the hawkers, the unlicensed salespeople on the street. And he said when they came in that they would give addresses for a family of five like this: "A stairway," "a hallway," "a street corner."

We found in the villages in some of the places that we visited that they had desires for things that we just take for granted—for a school, a firehouse, a water supply, a sewer system. We found children with yaws, and trachoma, and Mrs. Nixon visited hospitals in which she said the sanitary facilities, not by choice but by necessity, weren't even equal to the kind of facilities we have for animal hospitals in the United States. But in spite of this poverty, in spite of this hardship, we found fundamental courage and dignity and decency among the people every place that we went. And despite the fact that there were different religions, different music, different art, we found the great majority of the people there were like the majority of the people here in their beliefs. They believe in the dignity of man, they believe in the existence of a supreme being. They have a patriotism and a love of country and they want independence. They love their children, they respect their parents just as people love their children and respect their parents in the average American family. We found that they can and would like to be friends of America and the free world. We found that they may be forced to be powerful enemies.

The Danger Spots

Well now, so much for that. Some of you may wonder, what about the danger spots? I can't touch upon all of them, of course, but the first one that must come to your minds is obviously Korea. We've been reading about Korea, and Mr. Dean of course made a report on the television and radio on Monday. I'm not going to elaborate on what he said so well on that occasion. But may I just say this: That no one can visit Korea without having his heart touched by the sacrifices that have been made by the people and by the courage that they display. Just think of it—in that country of perhaps 20 million people, 2 million people killed during the war, civilians and military together, 8 million homeless, 200,000 orphans, 300,000 widows, 30,000 known amputees. And yet I have never seen such courage as I saw on the faces of the people of Korea when we were there on a cold, cold winter's day.

Now I have noted that some criticism has been made of Mr. Dean for his failure to agree to a political conference with the Communists, and just let me make my position clear on that point. We should recognize that the time is past when we should try to reach agreement with the Communists at the conference table by surrendering to them. We are paying the price in Asia for that kind of diplomacy right now. The Communists know that they can have a political conference in Korea on reasonable terms any time they are willing to agree. And Mr. Dean would have done a disservice to the thousands of men who died in Korea had he sacrificed the principles for which they fought at the conference table. And I for one think that the American people owe him a vote of confidence for the manner in which he has stood up and finally called the Communists on their tactics of vilification and delay. So much for Korea.

Let us turn now to another area of the world—Indochina. And many of you ask this question: Why is the United States spending hundreds of millions of dollars supporting the forces of the French Union in the fight against communism in Indochina? I think perhaps if we go over to the map here, I can indicate to you why it is so vitally important. Here is Indochina. If Indochina falls, Thailand is put in an almost impossible position. The same is true of Malaya with its rubber and tin. The same is true of Indonesia. If this whole part of Southeast Asia goes under Communist domination or Communist influence, Japan, who trades and must trade with this area in order to exist, must inevitably be oriented toward the Communist regime. That indicates to you and to all of us why it is vitally important that Indochina not go behind the Iron Curtain.

Now may I say that, as far as the war in Indochina is concerned, I was there, right on the battlefield or close to it, and it's a bloody war and it's a bitter one. And may I make the position

of the United States clear with regard to that war. The United States supports the Associated States of Indochina in their understandable aspirations for independence. But we know as they do that the day the French leave Indochina, the Communists will take over. We realize as they do that the only way they can assure their independence and the only way they can defend it is to continue the fight side by side with their partners in the French Union against the forces of Communist colonialism which would enslave them. And may I also say this, and this we should never forget, the free world owes a debt of gratitude to the French and to the forces of the Associated States for the great sacrifices they are making in the cause of freedom against Communist aggression in Indochina.

Now, let me turn just briefly to another problem, and this is also a big problem. It's the problem of China. Because, as we look at China on the map, we can see that China is the basic cause of all of our troubles in Asia. If China had not gone Communist, we would not have had a war in Korea. If China were not Communist, there would be no war in Indochina, there would be no war in Malaya.

Experiences in China

I have not the time to discuss that problem in detail. But there are some significant things that I should report to you. One is the strength that is developing militarily and economically in Free China on Formosa. And the second is to me one of the most spectacular developments that has occurred in all of Asia. And that is the way that the Chinese outside of the mainland of China, the Chinese who live in Formosa, the Chinese who live in Thailand and all the other countries, the overseas Chinese as they are called, are turning away from the Communist regime and turning away from it for reasons that are very, very important. You say, what are the reasons? Let me give you a few examples.

I rode along the border between what is called the New Territories next to Hong Kong and the mainland of China. As I rode along the border I stopped on one occasion and talked to a farmer. He told me a very interesting story. It was one that touched the heart. He told me how he, his wife, and two small children had walked for 100 miles through the mainland of China until they arrived at the border of the New Territories in Hong Kong and then finally went across the border so that they could have freedom. And I asked him, why did he do that? And he said the reason was that his only brother was blind. His only brother had the farm next to him. And because he was blind he couldn't produce as much as the Communists required that he produce in order to pay taxes. And because he couldn't pay the taxes the Communists took him away and shot him.

There was another story. There is a river that separates Free China, or I should say the China which is part of the New Territories in Hong Kong, and the mainland of China, and on either side of the river the peasants till the fields. As we looked down almost a mile away to that area I asked one of my Chinese friends who was an interpreter what was the difference between the peasants on the Communist side of the river and the peasants on the other side of the river. He smiled and said to me, "Well, the major difference is that the peasants on the Communist side of the river pay about five times as much taxes as the ones on the other side of the river."

And then there was another example that was given. They told me how across this river a widow who was 70 years of age had crossed for many, many years because she owned lands on both sides of the river. But one day when she crossed, a Communist guard shot her down. The first shot wounded her. He then walked up to her and pumped three bullets into her back. Now what does this all add up to? It means that the Communists' deeds are catching up with them. And that is why they are losing support not only among the Chinese outside of the mainland of China but also within China itself, and that's why they are losing support among peoples everywhere throughout Asia.

I wish I had the time to tell you about India—India with all of its problems, India which needs peace and wants peace in order that they can consolidate their newly won independence and in order that they can deal with their great problems. I wish I could tell you about India, and Indonesia, about Burma, about Pakistan. The time is going on and I must get on to some of the other problems that I wish to touch upon, because all of you are going to ask an obvious question. And that question is: "What does all this add up to?" It adds up to this, that the greatest danger that we face today in Asia is no longer in my opinion armed aggression. The greatest danger that we face is internal subversion and revolution.

That is why Korea was so important. When the Communists failed to extend their empire by overt aggression in Korea, they lost their chance to extend their control over the other nations in Asia, in my opinion. They know that if they move overtly any place else in the world, they will run the risk of being stopped by the united forces of the free nations. If they had not been stopped in Korea, the risk of their moving somewhere else in Asia or in Europe would have been increased immeasurably. The danger from subversive tactics in this area of the world is great, but I have faith as to the outcome because I have faith in the fundamental good sense of the people.

Did you ever stop to think what the people of Asia want? Well, they want independence. They want economic progress. They want peace. They want freedom of choice as to their culture,

religion, and their economic systems. And they want fundamental recognition of their equal dignity as human beings. And communism in practice, as the great Indian philosopher and statesman, Rajgopalachari, the Chief Minister of Madras, told me, communism in practice will eventually fail because it runs counter to human nature. Communism in practice goes against all the fundamental desires of the peoples of Asia. Instead of independence it has brought colonial imperialism and slavery. Instead of economic progress it has brought poverty. Instead of peace it has brought war. It denies a choice of culture, a choice of religion or of an economic system to those who are under Communist domination. And so the obvious question now that you will ask is this: What's the matter then? Why are we worried? And the problem is that we are not getting our message across, and when I speak of our message, I mean the message of the free nations.

Unfortunately, we must recognize that there are millions of people in this area of the world who honestly believe in their hearts that the United States is just as great a threat to the peace of the world as is the Soviet Union and Communist China. And they believe that we may use our military power aggressively, just as quickly as will the Communists. Fortunately, may I say that under the President, we are finally getting the kind of leadership which is bringing to the world the true picture of American policy. In his speech of April 16 and then in his great speech before the United Nations, the President has taken the offensive in the drive for peace, and for the first time the Communists are on the defensive all over the world.

U.S. Foreign Service and Military Personnel

Now there are other questions that I know you would be asking if I were with you. And one of them would be one that I would expect, and it is this: What about the people that you know who are in these areas of the world that we visited? And may I tell you something about them. First of all, the people who serve in our Foreign Service, the people who are with our diplomatic missions, with our aid missions and with the various other American missions abroad. May I say that I was very favorably impressed with the people in our Foreign Service and in our various missions abroad with whom I came in contact. They are capable. They are hard working. They are dedicated to the interests of America. And others of you I'm sure would ask me what about our military people, the men in service. We visited Okinawa, we visited Korea, we visited Japan, we visited Libya, and we saw thousands of GI's in all of these areas. And I should like to leave one message with you tonight in regard to them. First, they are being well treated. I think

one of the best meals I had was at an enlisted men's mess on Okinawa. But the second point is this—that they are representing America well abroad. I was proud of what our GI's were doing, and many of the local people with whom I talked told me instance after instance of how finely and how ably the American GI's were representing the best of America in their service abroad.

And now may I ask you a question? Or should I say this is the question that you might ask me: What can I do? What can you do in this great cause about which I have been talking?

Well, first of all, let me say that by deed and word and thought it is essential that we prove that the American ideals of tolerance, our belief in liberty, our belief in equal rights, prove that they exist and prove that we are dedicated to them. May I give you an example? One day I attended a dinner at which two legislators of a foreign country were present. One of them had got an unfavorable impression of America because he visited a city in which he got on a bus and the bus driver made him move to the back of the bus because his skin was not white. And another one, on the other hand, had got a very favorable impression of America because he visited a city and was lined up at a restaurant which had a big crowd in it, and he said, and I'm quoting him, that a white man who was single allowed him and his wife to go ahead of him in the line when a table for two opened up. Little things, you say, but very important things.

And may I just say in that connection that every act of racial discrimination or prejudice in the United States is blown up by the Communists abroad, and it hurts America as much as an espionage agent who turns over a weapon to a foreign enemy. And every American citizen can contribute toward creating a better understanding of American ideals abroad by practicing and thinking tolerance and respect for human rights every day of the year.

Well, this is just 2 days before Christmas, and in most of the places we have visited Christmas, as you know, is not celebrated. But the Christmas spirit is there. Let me give you my last example. Mrs. Nixon and I stopped at a school in Hong Kong. It was an unexpected stop and the children swarmed around us and we talked to them and signed autographs, and as we were leaving, one of the teachers who spoke English thanked me for stopping. And I asked him to give this message. I said: "Tell the children of the school that I bring greetings and best wishes from all the children of America to all the children of China." And he turned to me and said, "I will tell them that, and will you express our greetings to the children of America."

And he said: "May I tell you, Mr. Vice President, we are all brothers in our hearts."

May I say finally, we are fortunate to live in

America, to enjoy our liberties, and you can be sure that in the future we will join with other free peoples to build a world in which all men may be free, in which nations may be independent, and in which peoples may live in peace with their neighbors.

Reduction of U.S. Forces in Korea

Statement by the President

White House press release dated December 26

The fighting in Korea was ended by an armistice which has now been in effect for 5 months. We do not need as much ground strength there now as when there was fighting. That is the more true because of the capabilities of ROK forces which were substantially built up during the war. Also our growing national air power possesses greater mobility and greater striking force than ever before.

Accordingly I have directed that the United States ground forces in Korea be progressively reduced as circumstances warrant. As an initial step, two Army divisions will soon be withdrawn and returned to the United States. While the United States is acting in good faith to preserve the armistice and accomplish its purposes, we remain alert to all possibilities. Therefore, I emphasize that the action being taken does not impair our readiness and capacity to react in a way which should deter aggression and, if aggression should nevertheless occur, to oppose it with even greater effect than heretofore.

Recently the United Nations members which had forces in Korea clearly stated that, together, we would be united and prompt to resist any renewal of armed attack.¹ The same statement pointed out that "the consequences of such a breach of the armistice would be so grave that, in all probability, it would not be possible to confine hostilities within the frontiers of Korea."

The United States military forces in the Far East will be maintained at appropriate levels to take account of the foregoing and to fulfill the commitments which the United States has undertaken in that area, and which are vital to the security of the United States. These forces will feature highly mobile naval, air, and amphibious units.

Thus, we move forward in pursuance of our broad policy to make evident to all the world that we ourselves have no aggressive intentions and that we are resourceful and vigilant to find ways to reduce the burdens of armament and to promote a climate of peace.

¹ BULLETIN of Aug. 24, 1953, p. 247.

Attempted Negotiations at Panmunjom

by Ambassador Arthur H. Dean¹

As the Special Envoy appointed by President Eisenhower and Secretary of State Dulles, I am reporting to the American people tonight on my 7 weeks' attempted negotiations at Panmunjom, Korea, with the delegates from Red China and Communist North Korea in an effort to bring about an early convening of the Korean peace conference.

The Communists usually introduce false premises, exaggerations, colorations of fact, distortions of the truth, and completely false accusations for propaganda purposes to mislead and to divert. These talks were no exception.

At the meeting on December 10, 1953, in an uninterrupted 5¾-hour session, the Chinese delegate, Huang Hua, after several warnings from me accused the United States of America of perfidy or deliberate treachery in connection with the release of prisoners by President Rhee of the Republic of Korea on June 17-18² after Lieutenant General Harrison had signed the terms of reference for prisoners on June 8, 1953.³

My Government has never been guilty of perfidy and pray God it never shall.

I told him that his statement was false—that my Government was not guilty of perfidy and unless he withdrew the charge I would treat the meetings as in indefinite recess. He repeated the charge. And I withdrew in protest. To my mind it is quite sufficient. If I had not, the Communists would have broadcast far and wide that a representative of the United States Government had admitted the charge of perfidy.

President Rhee said to me, "We salute you, Mr. Dean, for the stand you took to teach the Soviets that they cannot all the time throw insults at the United States of America and get away with them."

Tonight I shall explain to you what we were talking about at Panmunjom and why, and where we go from here.

In our preliminary talks with the Communists we were endeavoring to bring about the political or peace conference for Korea called for by paragraph 60 of the Armistice Agreement.

The purpose of the political conference originally scheduled for October 28 is "to settle through negotiation the questions of the withdrawal of all foreign forces from Korea, the peaceful settlement of the Korean question, etc." The Korean question is the unification of a free, independent, and democratic Korea.

The nations I represented at these preliminary talks consisted of the 17 nations contributing troops to the United Nations Command, including the United States of America and the Republic of Korea.

The other side consisted of Red China and Communist North Korea. Not present, but really there, was the U.S.S.R., which, as everyone knows, actually instigated the aggression in Korea in June 1950.

As you know, through the noble and persistent efforts of President Eisenhower, the Armistice Agreement was signed by both sides on July 27, 1953, and was designed to bring about "a complete cessation of hostilities and of all acts of armed force in Korea until a final peaceful settlement is achieved."⁴

The fighting and the bloodshed and the destruction have been stopped.

If the political conference is not held, does that mean hostilities will be resumed? No—it does not. The armistice agreement provides that it shall remain in effect until expressly superseded.

Will the Communists resume hostilities? I do not think so. The destruction in North Korea is indescribable. Whole villages have been wiped out, power stations have been destroyed, and factories, roads, farmhouses, and public facilities are in ruins. The Communists took a terrific beating. We stopped the tide and timetable of Red aggression.

Posters all over North Korea depict peace, and children releasing white doves. The emphasis is on civilian building. The construction of huge

¹ Address made on radio and television on Dec. 21 (press release 667).

² For texts of statements and correspondence relating to the release of war prisoners, see BULLETIN of June 29, 1953, p. 905.

³ *Ibid.*, June 22, 1953, p. 866.

⁴ *Ibid.*, Aug. 3, 1953, p. 132.

concrete bunkers and tunnels in the north leads us to believe they have no wish to resume hostilities but are preparing to hold the north.

Will President Rhee unilaterally resume hostilities? In my judgment the answer is "no."

President Rhee is an indomitable fighter for a free, united, and democratic independent Korea. Those are our objectives and of the United Nations. We admire his patriotism and courage and his fight against communism tremendously.

We have signed the armistice and are determined to keep it. On August 7, 1953, President Rhee and Secretary Dulles signed a joint communique in which President Rhee agreed to leave his troops under the United Nations Command and to take no unilateral action until the mutual defense pact might be expected to come into operation next spring if approved by the Senate.⁵ In view of his talks with Secretary Dulles, Assistant Secretary of State Robertson, and Vice President Nixon and my many talks with him on this subject, I believe President Rhee will take no unilateral action.

What is the argument all about? Why can't we and the Communists agree on the time, place, and composition of the conference?

Time and place are relatively easy. As to time, we are agreeable to any date so long as there is adequate time to prepare the necessary facilities, transport the delegations, etc. As to place, we say Geneva, the Communists say New Delhi, and we could probably agree on Beirut, or Colombo or Kandy or Nuwara Eliya in Ceylon.

Problem of Conference Composition

The meat of the coconut is the composition. Who will attend the conference—who will be bound by agreements reached? Can we bring about unification of Korea and the withdrawal of foreign forces?

With regard to composition, although the armistice does not so provide, the other side proposed we should invite five neutrals, including the U.S.S.R. as one of them, with the same rights to participate in the discussions and to vote as the nations on the two sides. They include the U.S.S.R. among these truly neutral nations presumably to hide her aggression in Korea. The U.S.S.R. cannot be classified with such truly fine neutrals as Burma, India, Indonesia, and Pakistan. We have said the U.S.S.R. can attend provided the other side wants her.

It is readily apparent why the U.S.S.R. is not a neutral and why it would be desirable to have her at the conference and to know her attitude on each agenda item at the conference—whether she agreed with the other side and whether she will be bound by any agreements reached.

Why do the Communists want neutrals? The

Communists think they can stir up trouble for us with India by nominating her as a neutral at the conference. They want well-intentioned people to believe that the Government of the United States does not like India, its great leader, or its freedom-loving people, which is fantastic.

Let me here pay tribute to a great military man, a great humanitarian, and a man combining superb common sense with patience and a warm friendly feeling for the helpless prisoners of war—General Thimayya of India, Chairman of the Neutral Nations Repatriation Commission. I believe that General Thimayya is in full sympathy with our desire to observe the unalterable clockwork timetable of the agreement for the release of the prisoners of war.

Release of War Prisoners

If the political conference is in session December 22 to January 22, it can discuss until that date but no longer the disposition of prisoners who have not elected repatriation to the country of their origin. It cannot discuss that question longer than January 22. If it is not in session that does not affect by one jot the automatic operation of the time schedule for the release of prisoners.

On midnight, January 22, unless both sides ask them to remain, the Indian forces will withdraw and the prisoners will be assisted to a neutral country. We have assured General Thimayya our side will not so request.

I think there is reason to hope that there will be no action either by the Communists or the Republic of Korea to cause bloodshed and that the prisoners will revert to civilian status on January 22 without difficulty or trouble.

To stop the other side's byplay as to neutrals and to further the early convening of the conference, our side has put forward an overall constructive proposal for the participation at the conference of neutrals as nonvoting observers on the items on the agenda as agreed between the two voting sides and in the order of discussion as agreed upon.⁶ This would permit India and the others to participate as nonvoting observers and to discuss items on the agreed agenda and in the agreed order. If an item is not on the agenda it cannot be discussed. Nor can items be brought up out of their agreed order.

Except for the other side's insistence on the U.S.S.R. participating as a neutral, and ironing out the particular neutrals to participate which really constitutes no fundamental difficulty, we have fully met the other side on this question as to the participation of nonvoting observers and their rights at the conference and voting procedures.

As to voting, each side votes as a unit. But

⁵ *Ibid.*, Aug. 17, 1953, p. 203.

⁶ For text of proposal of Dec. S, see *ibid.*, Dec. 21, 1953, p. 877.

any nation, in accordance with resolution 5 (b) adopted by the United Nations General Assembly on August 28, 1953, can announce before the voting she does not elect to be bound by her vote on that particular item. This should facilitate agreement.

The other side insists that talk continue and that there should be no voting until all nations on each side are bound. If any one nation's vote, as a practical matter, is really needed—for example, unification of Korea or withdrawal of foreign forces—this would, as a practical matter, have to be worked out before voting took place; so really we are not too far apart.

Thus we may have to have some agreement as to the territorial integrity of Korea and agreement to insure that the troops withdrawn across the northern border will not return or that other troops will not cross the border when we withdraw pursuant to some agreement to be worked out for phased withdrawal of troops at the peace conference.

Do I feel there still is a good chance for a true Korean peace, or has Panmunjom demonstrated the futility of a Korean political conference? I do believe the Chinese Communists are determined to keep North Korea politically and economically integrated into their own economy. The outlook is discouraging but by no means hopeless. There is no easy, pat solution. It will take all the brains, energy, resolution, and patience at our command.

Communists are in no hurry. They have no timetable. They think time is on their side and that Americans, being optimistic, friendly, truthful, constructive, and inclined to believe and to hope for the best, will become discouraged.

They believe that at a long, drawn-out conference the American negotiators will be forced by American public opinion to give in, in order to have a "successful" conference. Impatience mounts as no progress is reported. People ask, "What progress did you make today?"

The Communists know this and burn bonfires under the American negotiators and utter rude, insulting, arrogant demands that the American negotiators stop their unconstructive, stalling tactics.

The Communist press is completely government-controlled. Ours is free and pray God it ever shall be. The Communists can plan and talk and vote as a unit. We must marshal facts, argue, and convince the individual nations on our side. I wouldn't have it otherwise. But sometimes it's tough to see your best play spilled before it gets off the ground because someone has unintentionally revealed the signals.

As against that, consider how much better off we would be today if the secret agreements with respect to China, Manchuria, and the U.S.S.R. had never been entered into at Yalta without notice to Nationalist China or to the American public.

The issue between us and the U.S.S.R. and the Chinese Communists—slavery or freedom—is fundamental. There is no easy formula which can either hide it or solve it.

We are fighting to free the minds and souls of men from communism and we in the free world must stand together in this great fight.

It is not a fight of left against right. It is a fight for the human dignity of man as a creature of God against the Communist doctrine that he has no value except as the state desires to use him.

U.S. Returns Islands to Japanese Control

Statement by Secretary Dulles

Press release 671 dated December 24

1. By arrangements concluded today in Tokyo, the Government of the United States has relinquished in favor of Japan its rights under article III of the Japanese peace treaty over the Amami Oshima group of the Ryukyu Islands.

2. Questions have been raised regarding the intentions of the United States with respect to the remaining islands specified in article III of the peace treaty.

3. The United States Government believes that it is essential to the success of the cooperative effort of the free nations of Asia and of the world in the direction of peace and security, that the United States continue to exercise its present powers and rights in the remaining Ryukyu Islands and in the other islands specified in article III of the peace treaty so long as conditions of threat and tension exist in the Far East.

4. The United States earnestly hopes that progress can be made in reducing tensions, and we will spare no effort toward that end. But, until conditions of genuine stability and confidence are created, the need of the free nations to preserve an armed vigilance will remain imperative. It would be an abdication of responsibility to the common effort of these free nations, including Japan, for the United States to adopt any other course than here set out, since the remaining Ryukyuan and other islands specified in article III of the peace treaty constitute an essential link in the strategic defense of the whole Pacific area. Accordingly, the United States intends to remain as custodian of these islands for the foreseeable future. However, in exercising its treaty rights, the United States will not only do all in its power to improve the welfare and well-being of the inhabitants of the Ryukyus, but it will continue to safeguard economic and cultural intercourse throughout the Archipelago.

Canada-United States Relations: A Businessman-Ambassador's Point of View

*by R. Douglas Stuart
Ambassador to Canada*¹

I am most appreciative of the honor that has been paid my Government by the Canadian Club of Montreal in asking me, as a representative of the United States, to speak to you at this time.

I have enjoyed a lifelong and intimate connection with Canada. My father was born in the town of Embro near Ingersoll, Ontario. I commenced my business life in Canada.

I have visited Montreal many times with pleasure—in fact it was a double pleasure, because I didn't have to make any speeches on those occasions, but here I am again in your charming city.

To those of you whose native tongue is French, I wish to express the regret that, unlike the President, I am not able to address you in French.² I know, however, that you understand English and I humbly acknowledge that this stands to your credit, while my lack stands to my debit.

There are some here today that I can happily call friends. For the rest I am quite simply a businessman who has worked in Canada and then in the United States ever since I was a young man. While I am as interested in business as ever, I am here today as a diplomat—a completely new experience for me.

Today I am chiefly concerned with the economic relationships between Canada and the United States. Consequently, I would like at this time to take a quick look at the conduct of our economic relationships.

The first consideration is that by and large our economic relationships are handled by individual businessmen. Only to a relatively small extent do our two Governments enter into the picture. This is so generally so that perhaps we forget that it contrasts with the practice in many other countries which for various reasons have adopted partially or completely the practice of state trading. We in Canada and the United States are firmly wedded to the private enterprise system.

My own experience amply illustrates the ex-

tent to which private business relations operate on this continent unhampered by government. In a lifetime of working both in Canada and the United States I have visited nearly all of the important business centers of both countries, but rarely have I had to go to Washington or Ottawa. The same applies to a great majority of men who have had a comparable business experience. Many businessmen can work in our two countries as if they were one market and rarely have cause to appeal to their Governments for help.

Unimpeded Business Relations

There has developed in the course of years an increasingly easy two-way flow of capital into branch plants, subsidiaries, and other investments. This has resulted in very close business relations which are the bases for grassroots cooperation between our business communities.

A fine example of this cooperation is the Canada-United States Committee of the Chambers of Commerce of the two countries. I had the pleasure of attending the Committee's recent meeting in October at the Seignior Club and was greatly impressed by the attendance at the meeting of so many outstanding Canadian and United States businessmen. This Committee, as I understand it, has been in existence since 1932—a very impressive fact.

In view of this easy, unimpeded, private business activity, you might well wonder what field is left to our two Governments. Here we have an elastic and often very informal area. This is illustrated by the manner in which the vast majority of joint problems are settled.

It is the custom, as you probably know, in most countries of the world for problems, including economic ones, to be handled primarily through the foreign offices and the embassies. However, the contacts between the various other departments of the Government in Ottawa and Washington are so intimate from the top level down that the tendency is to settle their problems between themselves and settle them quickly. Much

¹ Address made before the Canadian Club of Montreal on Dec. 7 at Montreal.

² For text of the President's address at Ottawa, see BULLETIN of Nov. 30, 1953, p. 735.

of this is done over the long-distance telephone.

Generally speaking your Cabinet members and our Cabinet members are on intimate terms, and as a consequence discuss many problems that arise on an informal basis.

To an unusual degree, the rights and obligations of Americans in Canada and Canadians in the United States are not defined by treaty. We trust each other to treat our citizens properly. Fair play is our common heritage. In each country we have inherited the English common law, as well as that Roman law which is your legal foundation here in the Province of Quebec and ours in the State of Louisiana.

Nevertheless, with all this common heritage which we are fortunate enough to share, there still arise and will continue to arise important problems to plague us.

From time to time every government in the performance of its obligation to promote the welfare of its people finds itself obliged to take actions which have adverse effects upon some part of the population of another country. Such incidents arouse strong feelings, frequently out of proportion to the importance of the issue.

Fortunately, when we have been faced with such situations, we have held that the best approach was for honest representatives of our two countries to sit down together and to discuss the problem in a spirit of fairness and understanding. If we continue to chart such a course, and I trust we always will, there are few obstacles that cannot be overcome.

You know, I am sure, the machinery that has been established to deal with problems concerning our boundary waters. It is the International Joint Commission of which both the United States and Canada are justly proud. Another less well-known example of this approach is the Joint Industrial Mobilization Committee which was established during World War II and revived in 1951 as a result of the Korean outbreak. This Committee was set up to stimulate joint production for defense purposes.

Last month this same point of view led us to establish the Joint Committee on Trade and Economic Affairs, a consultative and advisory group composed of Canadian and United States officials at the Cabinet level.³ The businessmen of our two countries are facing a highly competitive period. In these circumstances, charges and countercharges, justified and unjustified, are to be expected. The Committee will consider such problems among others and recommend to their respective Governments the measures to improve economic relations and to encourage the flow of trade between our two countries.

To make it practicable for our Governments to implement such recommendations they must, of course, be supported by public opinion. For, as

President Eisenhower honestly and frankly recognized in his recent address to the two Houses of Parliament in Ottawa,

... every common undertaking, however worthwhile it may be, must be understood in its origins, its application, its effects by the peoples of our two countries. Without this understanding it will have negligible chance of success. Canadians and citizens of the United States do not accept government by edict or decree. Informed and intelligent cooperation is, for us, the only source of enduring accomplishment.

Here I would like to give you a little philosophy of my own which I developed from the practical experiences of my business and social life.

If we businessmen are going to foster an orderly economic evolution and assist in developing the "informed and intelligent" public cooperation to which President Eisenhower refers, then some of us are going to have to contribute effective leadership.

We must produce a philosophy that is understandable and convincing. We must have the courage of our convictions and be able to express them persuasively.

This means allotting sufficient time out of our workaday lives to decide what are the true values in our daily activities and then determine to concentrate our efforts on their preservation.

None of us would choose exactly the same basis of values or arrive at the same methods of achieving the desired ends, but that very contrast is the real strength of our democracy. Differences in opinion produce a balance, and when at last a common denominator appears in the thinking of all good citizens, we move ahead. If a proper balance is to be continued, the businessman must play an important part in the creation of opinion.

Often a change in individual responsibility gives us a long look back at the road along which we have traveled. Every well-managed business institution takes physical inventory at regular intervals, when every screw, nut, and bolt are counted. In the business that I was in before joining the diplomatic service, every bushel of oats, grain, wheat, barley and the various items that go into making up our finished products, are counted. We do this in order that we may know our assets. The discrepancies which are uncovered by this process are at times quite surprising.

Inventory of Intangibles

Shouldn't we do exactly the same thing with our intangibles? It is essential that we take periodic inventories of our ideas and beliefs. This is a process that must come from our hearts.

It is my belief that every man who carries business responsibilities should from time to time sit down alone with himself and determine what he is trying to accomplish with his life. Unless he does that, he will be unable to tell whether his daily rushing from one thing to another adds up

³ *Ibid.*, p. 739.

and makes much sense. Only when his own sense of values is clear may he, with courage and confidence, undertake the problems which have been entrusted to him.

I fear there are some men who, when dealing with ideas, operate on a "Lifo" principle. "Lifo" is a recent invention of the chartered accountants which means "last in—first out." The kind of individual I have in mind accepts what the last person has said as his own opinion.

This sometimes brings about a sort of Gresham's law of ideas and beliefs, by which the least valuable is given the greatest circulation. Good ideas would drive out the bad if each man, before re-issuing another's opinion, would weigh it and make sure it was sound.

In the inventory of ideas and beliefs, the thoughtful businessman must have a strong conviction as to what kind of a country he wants his country to be. He first must learn what kind of a country it is, and that is not easy when he finds himself in the midst of the storms of current controversy. He must have ideas as to what makes his country strong, as well as to what makes for weakness, and then strive to support the one and overcome the other.

He must carry those convictions into his daily tasks. To leave to others the considerations of the general welfare is wrong. He, as an individual, must act as though the responsibility for the general welfare is solely his. This is not always easy to do amid the uproar and cross currents.

As opinions gain currency they are given labels. The most familiar labels are liberal and radical, as opposed to conservative and reactionary—and I am not speaking about any political parties. These words are used as terms of reproach or self-righteousness, depending upon the circumstances. There have been times when they have been used to rally friends or to denounce foes and have lost all meaning.

If one is a conservative who wishes to hold to that which has proven worth while until something better has been proved, then certainly I am a conservative.

On the other hand, I would also claim to be a liberal if by liberal is meant one who, with an open mind, is willing and ready to reexamine and reevaluate any old institution or idea and be flexible enough to strike out boldly on a new course if such action is indicated.

Discrimination and sound judgments are the important things, not change for the sake of change, nor foolish loyalty to the old merely because it is old.

It would seem that our generation and the future generations are bound to live in a world of crises. This demands that we carefully review our way of life, our ideas of freedom and of the dignity of man and maintain their validity in this changing world.

Current history has produced one disaster after another. We are shocked at the freedoms which were lost in Nazi Germany and are still lost in Communist Russia. These dreadful tragedies and nightmares should make us much more appreciative of the values which we still possess. I sometimes wonder if it does, and if it does, we should ask ourselves the question, "Are we doing anything to help preserve these values?"

We condemn corruption and low moral standards in our public and national life. Yet there seem to be too few who are willing to acknowledge the real spiritual values and who earnestly strive to continue the ancient truths from which our code of morals spring by supporting the organized churches and other spiritual agencies. We must never lose our faith in God. Spiritual things are of much greater importance than the material. Happiness comes from what we have in our hearts and minds. We are great defenders of freedom of speech, but not all of us can take criticism from those who disagree. We must never overlook the homely virtues of thrift and hard work, which are as necessary for success as they were a hundred years ago.

Gentlemen, Canada and the United States are great countries, wonderful countries. But those are mere words unless we know why they are great, and unless we, as individual citizens, strive to continue and improve those aspects of our country which have led to their greatness.

Civil Aviation Talks Held With Canada

Press release 664 dated December 16

Representatives of the Governments of the United States and Canada met on December 14 and 15 in Washington to hold informal discussions on matters of current concern in the field of civil aviation. Oswald Ryan, Chairman of the U.S. Civil Aeronautics Board, and J. R. Baldwin, Chairman of the Canadian Air Transport Board, were the principal spokesmen for their respective governments.

The main subjects discussed were:

1. A proposed operation by Trans-Canada Air Lines of an air service linking eastern Canada with Mexico City via Tampa, Florida, where a technical, nontraffic stop would be made;
2. Pan American World Airways service between Seattle, Whitehorse, and Fairbanks, as well as the Colonial Airlines operation, Washington-Ottawa-Montreal-New York; and
3. The desirability of a consultation, within the next few months, for the purpose of con-

sidering amendment of the Route Annex of the U.S.-Canada Air Transport Agreement.

It was agreed that the Civil Aeronautics Board would issue to Trans-Canada Air Lines a six months' renewable permit for Montreal-Mexico City flights making nontraffic stops at Tampa. In the special circumstances, the CAB also agreed that TCA might, for reasons of economy, utilize the same aircraft and schedules for the Montreal-Tampa portion of such flights as are used for the Montreal-Tampa services operated by that carrier under the Air Transport Agreement.

The Canadian representatives had indicated their desire that Trans-Canada be permitted to combine its Montreal-Tampa operations under the Air Transport Agreement and Montreal-Mexico City operations, with a technical stop at Tampa, under the International Air Services Transit Agreement for a temporary period until aircraft and facilities for nonstop operations between Canada and Mexico become available. The representatives of the United States made known their desire to cooperate with Canada in helping TCA resolve its operational problem, stating that, in the circumstances, such cooperation did not imply a departure from the established policy of the United States in the field of international aviation.

The spirit of cooperation was carried into the discussion regarding the operations of U.S. carriers which have been under review by the Canadian authorities, and it was agreed that Pan American World Airways and Colonial Airlines should be permitted to continue their respective combined services through Canadian points and that the Air Transport Board would vacate the outstanding show-cause orders.

With reference to the present network of air routes between the United States and Canada, it was understood that the Canadian Government will, within the next few months, bring forward proposals looking toward a review of the route schedules of the bilateral air agreement.

Canada To Limit Shipments of Oats to U. S.

White House press release dated December 14

The President on December 14 released a letter from Acting Secretary of State Walter B. Smith to the Canadian Secretary of State for External Affairs, Lester B. Pearson, with respect to the shipment of Canadian oats to the United States, and the Canadian reply.¹

In the Canadian reply, the Canadian Acting

Secretary of State for External Affairs, Paul Martin, stated that, as a temporary measure, Canada would limit its shipments of oats to this country to 23 million bushels during the period December 10, 1953, to October 1, 1954.

The United States Tariff Commission had recommended to the President that imports of oats should be limited, in accordance with procedure authorized under section 22 of the Agricultural Adjustment Act, to 23 million bushels in the 12-month period beginning October 1, 1953.² The President has now found that no action by the United States limiting imports of oats need be taken to protect our domestic agricultural program, authorized under the Agricultural Act of 1949, against the threat of imports.

The President, in expressing his satisfaction with the Canadian reply, indicated that he concurs with Canada's understanding that, should substantial quantities of oats be imported into the United States from other sources during the specified period, the situation would be subject to review by both the United States and Canada.

The texts of the letters follow.

Acting Secretary Smith to the Canadian Secretary of State for External Affairs, December 7

MY DEAR MR. SECRETARY:

During the past several months, the Government of the United States has been faced with problems of increasing seriousness in connection with the accumulation of surplus agricultural products. These mounting surpluses, and the financial burden they entail, may well threaten to disturb orderly marketing arrangements which it is to the interest of both Canada and the United States to maintain.

The special circumstances affecting the problem of oats make it a matter of particular urgency requiring exceptional treatment. We believe that unless steps are taken to assure that imports of oats will not be such as to interfere with the orderly marketing of oats in the United States, a critical situation will develop which could be damaging to the farming industry of our two countries. It is our suggestion that shipments of oats from Canadian ports of shipment to the United States should not exceed 23 million bushels during the period from midnight December 10, 1953 to midnight September 30, 1954. As you know, Canada supplies almost the whole of United States imports of oats and only small quantities come from other countries.

You are, of course, aware that the larger problems associated with accumulations of surplus agricultural products and related questions of agricultural policy are currently under review with the aim of arriving at longer-term solutions of a constructive character.

¹ For earlier correspondence on this subject, see BULLETIN of Aug. 24, 1953, p. 244.

² Copies of the report on oats may be obtained at the offices of the United States Tariff Commission.

Having in mind the desirability of maintaining, as in the past, the closest collaboration between the Governments of Canada and the United States in matters of common concern, President Eisenhower has asked me to seek the cooperation of the Canadian Government in this matter. The President is most anxious that a solution be found which will cause the least possible damage to trade relations between our two countries.

The Canadian Reply, December 10

MY DEAR MR. ACTING SECRETARY:

The Government of Canada has given careful consideration to your letter of December 7, 1953, regarding the urgent situation which is giving concern to your Government with respect to the marketing of oats. The Canadian Government attaches the greatest importance to the extension of mutually profitable trade between our two countries and to avoidance of restrictions which would interfere with such trade. However, in a desire to meet President Eisenhower's request for cooperation towards the solution of this exceptional and urgent problem, the Canadian Government has decided, as a temporary measure, and without obligation, to take all practicable steps to limit shipments of Canadian oats to the United States to the extent and for the period suggested in your letter. In taking this action, the Canadian Government is aware of the fact that your Government is now reviewing its agricultural policies with a view to finding longer-term solutions of a constructive nature.

The Canadian Government takes note of the information contained in your letter, that Canada supplies almost the whole of the United States imports of oats and only small quantities come from other countries. The Canadian Government wishes to make clear that it will reconsider the decision set forth in this letter in the event that substantial quantities of oats are imported into the United States from other countries during the period in question. The Canadian Government assumes that in this event the Government of the United States will itself also wish to review the situation.

President Requests Study of Rye Imports

White House press release dated December 10

The President on December 10 directed the United States Tariff Commission to make an immediate investigation of the effects of rye imports, including rye flour and meal, on the domestic price support program for rye and on the amount of products processed in the United States from domestic rye. The President, having been advised by

the Secretary of Agriculture, directed the Tariff Commission to make its investigation as provided under section 22 of the Agricultural Adjustment Act, as amended. Following is the text of the President's letter to Edgar B. Brossard, Chairman of the Tariff Commission:

DEAR MR. CHAIRMAN:

I have been advised by the Secretary of Agriculture that there is reason to believe that rye, including rye flour and meal, is practically certain to be imported into the United States under such conditions and in such quantities as to render or tend to render ineffective or materially interfere with the price support program for rye undertaken by the Department of Agriculture pursuant to sections 301 and 401 of the Agricultural Act of 1949, as amended, or to reduce substantially the amount of products processed in the United States from domestic rye.

The Department of Agriculture is supporting prices of rye and at the same time unusually large imports of rye are occurring. The Tariff Commission is directed to make an immediate investigation of this matter in accordance with Executive Order Number 7233, dated November 23, 1935, promulgating regulations governing investigations under section 22 of the Agricultural Adjustment Act, as amended. The investigation and report of findings and recommendations of the Tariff Commission should be completed as promptly as practicable, to permit a decision as to whether action is necessary under section 22 to be made as early as possible.

The Commission shall determine whether rye, including rye flour and meal, is being or is practically certain to be imported under such conditions and in such quantities as to render or tend to render ineffective or materially interfere with the rye price support program, or to reduce substantially the amount of products processed in the United States from domestic rye.

Sincerely,

DWIGHT D. EISENHOWER

Tax Conventions With Australia Enter Into Force

Press release 670 dated December 22

On December 22, 1953, the President proclaimed the income-tax and gift-tax conventions between the United States and Australia which were brought into force by the exchange of instruments of ratification on December 14, 1953.

Those two conventions for the avoidance of double taxation and the prevention of fiscal evasion, one relating to taxes on income and the other relating to taxes on gifts, and also a convention relating to taxes on the estates of deceased persons were signed on May 14, 1953, approved by the

United States Senate on July 9, 1953, and ratified by the President on behalf of the United States on July 23.

The provisions of the conventions follow, in general, the pattern of tax conventions entered into by the United States with a number of other countries. The income-tax conventions are designed to remove an undesirable impediment to international trade and economic development by doing away as far as possible with double taxation on the same income.

The gift-tax convention with Australia is the first convention of its kind which the United States has concluded with any country. It follows closely in regard to gifts the pattern of the estate-tax conventions. The estate-tax conventions are designed to eliminate double taxation in connection with the settlement in one country of estates in which nationals of the other country have interests.

So far as the United States is concerned, the conventions apply only with respect to United States (that is, Federal) taxes. They do not apply to the imposition of taxes by the several States, the District of Columbia, or the Territories or possessions of the United States.

The income-tax convention with Australia is effective as of January 1, 1953, so far as United States tax is concerned, and "for the year of income" commencing on July 1, 1953, so far as Australian tax is concerned.

The exchange of instruments of ratification with respect to the estate-tax convention has been delayed, but it is expected that the exchange will take place at an early date, on which date it will enter into force, effective "only as to the estates of persons dying on or after" that date.

The gift-tax convention with Australia is effective "only as to gifts made on or after" December 14, 1953, the date of the exchange of instruments of ratification.

U.S. To Reconsider Ocean Station Participation

Press release 669 dated December 22

The following is the text of a letter which the United States representative on the Council of the International Civil Aviation Organization (Icao) transmitted on December 22 to the Secretary General of the Organization. The Department of State requested transmission of the letter following approval by the interdepartmental Air Coordinating Committee.

Following the Third North Atlantic Ocean Stations Conference, my Government undertook a review of the program in all its aspects, with particular reference to the nature and extent of benefits derived therefrom by the United States. It was our conclusion that, although the program provided real benefit, its continued operation was

not required from the point of view of United States civil aviation. Our decision not to extend United States participation in the existing agreement was made known to the Council and to interested governments in October.¹

Since that time, and in preparing for the forthcoming conference, my Government has kept this matter under continuous review. In that connection the United States has noted with interest the views of other governments submitted to Icao on the same subject. We have been impressed by certain trends of thought which appear in these comments.

1. That an ocean stations network should continue to exist;
2. That such a network might be somewhat reduced in scope and still remain useful;
3. That substantial benefits accrue to interests other than trans-Atlantic civil aviation, particularly in Western Europe.

In view of the foregoing, it seems probable that any continuation of the ocean station program would be most effective on a basis of international cooperation.

Accordingly, my Government has decided to send a delegation to the Fourth North Atlantic Ocean Stations Conference in Paris, qualified to discuss all of the technical and financial aspects of the program. An exchange of views at the Conference will permit a determination as to whether, as seems likely, a continuation of an international ocean station program on a modified basis is the best means of satisfying all of the interests involved. If such a determination is reached the United States would expect to cooperate in a modified program, subject to the availability of necessary appropriations which it would seek to meet its appropriate share of the costs.

Delegation of Authority for Immigration Laws ²

ADMINISTRATOR OF THE BUREAU OF SECURITY, CONSULAR
AFFAIRS AND PERSONNEL

DELEGATION OF AUTHORITY WITH RESPECT TO ADMINISTRATION AND ENFORCEMENT OF IMMIGRATION AND NATIONALITY LAWS RELATING TO POWERS, DUTIES AND FUNCTIONS OF DIPLOMATIC AND CONSULAR OFFICERS

NOVEMBER 27, 1953.

By virtue of the authority vested in me by section 4 of the act of May 26, 1949 (63 Stat. 111; 5 U. S. C. 151e), it is hereby provided as follows:

(1) Under the general direction of the Secretary of State and subject to the limitations contained in section 104 of the Immigration and Nationality Act (66 Stat. 174; 8 U. S. C. 1104) the Administrator of the Bureau of Security, Consular Affairs and Personnel of the Department of State shall be charged with the administration and enforcement of the Immigration and Nationality Act and all other immigration and nationality laws relating to the powers, duties and functions of diplomatic and consular officers of the United States, including the authority to establish such regulations; prescribe such forms of reports, entries and other papers, issue such instruments; and to perform such other acts as he deems necessary for carrying out the provisions of the Immigration and Nationality Act and all other immigration and nationality laws relating to the powers, duties and functions of diplomatic and consular officers of the United States.

(2) There are hereby excluded from the authority delegated under paragraph (1) of this order: (a) The powers,

¹ BULLETIN of Nov. 9, 1953, p. 629.

² 18 Fed. Reg. 7898.

duties and functions conferred upon consular officers relating to the granting or refusal of visas; (b) the powers, duties and functions conferred upon the Secretary of State by delegation from the President of the United States; and (c) the powers, duties and functions conferred jointly upon the Secretary of State and the Attorney General.

(3) The authority delegated under paragraph (1) of this order shall not be deemed to include the authority to redelegate the powers, duties and functions so delegated.

(4) This order shall take effect as of the date hereof.

Dated: November 27, 1953.

[SEAL]

JOHN FOSTER DULLES,
Secretary of State.

Appointments to War Claims Commission

The President on December 10 made the following recess appointments to the War Claims Commission, to be effective December 11:

Mrs. Pearl Carter Pace
Whitney Gilliland
Raymond T. Armbruster

International Bank Loans Made in Brazil

The International Bank for Reconstruction and Development on December 18 made two loans in Brazil totaling \$22.5 million.

The first is a loan of \$12.5 million to the Government of Brazil. It will be used primarily to meet part of the cost of importing passenger train units urgently required to maintain the suburban service of the Central do Brasil Railroad in Rio de Janeiro.

The second is a loan of \$10 million to the Usinas Elétricas do Paranapanema S. A. (USINAS), a corporation owned almost entirely by the State of São Paulo. This loan is guaranteed by the Brazilian Government. It will be used to pay for imported equipment for the construction of a hydroelectric plant at Salto Grande on the Paranapanema River in the State of São Paulo and associated transmission and distribution facilities in the States of São Paulo and Paraná. The power will serve rapidly growing agricultural and urban centers and will help electrify the Sorocabana Railroad, one of the state's important railways.

The railway loan of \$12.5 million is the second the bank has made for an emergency program to rehabilitate and improve the services of the Central do Brasil Railroad. This railroad connects Brazil's major industrial centers. A loan of \$12.5 million was made in June 1952 to cover the Central's immediate needs for freight cars and other equipment to increase the carrying capacity of the railroad. At that time the bank indicated that it would be prepared to consider an additional loan for the suburban service as soon as effective

steps were taken to improve administration and operating conditions on the suburban lines. These steps have since been taken.

The project for the development of electric power in the State of São Paulo consists of the construction of a dam across the Paranapanema River at Salto Grande, the installation of four 15,000 kilowatt generating units, the erection of a transmission system, and the expansion of the distribution systems of five private utility companies which will purchase power generated at the new plant. The bank's loan will be used to pay for the import of turbines, generators, transformers, transmission lines, and other equipment and materials.

The Salto Grande project is the first step in the development of the power potential of the Paranapanema River, which is situated in an area devoted primarily to the raising of coffee. New wealth from coffee has brought about immigration from other parts of the state and the rapid development of urban centers. The privately owned utilities serving these communities are at present unable to keep up with the demand for power but will be able to do so when they can obtain power wholesale from Salto Grande and distribute it over their extended systems.

Jordan Legation Raised to Embassy Rank

The Legation of the Hashemite Kingdom of Jordan was raised to the rank of embassy on December 14. On that date the newly appointed Ambassador of Jordan, Abdul Munim Rifai, presented his credentials to the President. For the text of the Ambassador's remarks and the text of the President's reply, see Department of State press release 661 of December 14.

President of Turkey To Visit U.S.

The Department of State announced on December 16 (press release 663) that arrangements have been completed for the arrival of Celal Bayar, President of the Republic of Turkey, and Madame Bayar, who will visit the United States at the invitation of President Eisenhower.

His Excellency will arrive at the Military Air Transport Service Terminal, Washington National Airport, on January 27. He and his party will remain in Washington until January 30, when they will leave by train for Princeton, N. J.

His Excellency's tour of the United States will be made by train. He will visit, in addition to Washington and Princeton, the following cities: New York, Cleveland, Toledo, Chicago, San Francisco, Los Angeles, Las Vegas, Dallas, and Raleigh.

INTERNATIONAL ORGANIZATIONS AND CONFERENCES

Calendar of Meetings ¹

Adjourned during December 1953

UN General Assembly: Eighth Session	New York	Sept. 15–Dec. 9 (Recessed)
ICAO Council: 20th Session	Montreal	Oct. 27–Dec. 17
UN Intergovernmental Tin Conference	Geneva	Nov. 16–Dec. 19
ICAO Second African-Indian Ocean Regional Air Navigation Meeting.	Santa Cruz de Tenerife	Nov. 17–Dec. 15
FAO 7th Session of the Conference	Rome	Nov. 23–Dec. 11
WMO 1st Session of the Commission for Bibliography and Publications.	Paris	Nov. 24–Dec. 14
Customs Cooperation Council: Third Session	Brussels	Nov. 30–Dec. 2
ILO Coal Mines Committee: Fifth Session	Dusseldorf	Nov. 30–Dec. 12
International Tin Study Group: Management Committee	Geneva	Nov. 30 (1 day)
UN Ecosoc Resumed 16th Session of the Council	New York	Nov. 30–Dec. 7
Bermuda Talks	Bermuda	Dec. 4–8
FAO Council: 19th Session	Rome	Dec. 12 (1 day)
NATO Ministerial Meeting of the Council	Paris	Dec. 14–16
Rice Consultative Committee: 7th Meeting	Singapore	Dec. 14–16
Tripartite Meeting of Foreign Ministers, Working Group	Paris	Dec. 16–21
International Sugar Council	London	Dec. 16–19

In Session as of December 31, 1953

International Legal Conference of Asian Countries	New Delhi	Dec. 28–
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Scheduled January 1–March 31, 1954

Meeting of the Four Foreign Ministers	Berlin	Jan. 25
UN Subcommission for Prevention of Discrimination and Protection of Minorities.	New York	Jan. 4–
WHO Executive Board and Committee on Administration and Finance: 13th Meeting.	Geneva	Jan. 12–
UN Petitions Committee	New York	Jan. 12–
World Coffee Congress and International Coffee Culture Exposition	Curitiba	Jan. 14–
WMO Regional Association for Southwest Pacific: 1st Session	Melbourne	Jan. 19–
International Exhibition on Low-Cost Housing	New Delhi	Jan. 20–
FAO Indo-Pacific Fisheries Council: Fifth Session	Bangkok	Jan. 22–
UN Trusteeship Council: 13th Session	New York	Jan. 26–
First Meeting of the International North Pacific Fisheries Commission.	Washington	Feb. 1–
UN Economic Commission for Latin America: Committee of the Whole.	Santiago	Feb. 1–
ICAO Council: 21st Session	Montreal	Feb. 2–
UN Economic Commission for Asia and the Far East: 10th Session	Nuwara Eliya	Feb. 8–
ICAO North Atlantic Ocean Weather Stations Conference	Paris	Feb. 9–
ILO Inland Transport Committee: 5th Session	Geneva	Feb. 15–
UN Commission on Human Rights: 10th Session	New York	Feb. 22–
UN Committee on Non-Governmental Organizations	New York	Feb. 22–
ILO Governing Body: 124th Session	Geneva	Feb. 27–
UN ECAFE Inland Transport Committee: 3d Session	Nuwara Eliya	Feb.–
UN ECAFE Industry and Trade Committee: 6th Session	Nuwara Eliya	Feb.–
Tenth Inter-American Conference	Caracas	Mar. 1–
International Exposition in Bogotá	Bogotá	Mar. 1–
UN Technical Assistance Committee	Geneva	Mar. 8–

¹ Prepared in the Division of International Conferences, Department of State, Dec. 22, 1953. Asterisks indicate tentative dates. Following is a list of abbreviations: UN—United Nations; ICAO—International Civil Aviation Organization; FAO—Food and Agriculture Organization; WMO—World Meteorological Organization; ILO—International

Labor Organization; Ecosoc—Economic and Social Council; NATO—North Atlantic Treaty Organization; WHO—World Health Organization; ECAFE—Economic Commission for Asia and the Far East; UNESCO—United Nations Educational, Scientific and Cultural Organization; UNICEF—United Nations Children's Fund.

Calendar of Meetings—Continued

Scheduled January 1–March 31, 1954—Continued

UN Commission on Status of Women: Eighth Session	New York	Mar. 8–
ICAO Communications Division: Fifth Session	Montreal	Mar. 9–
UN Economic Commission for Europe: Ninth Session	Geneva	Mar. 9–
UNESCO Executive Board: 37th Session	Paris	Mar. 10–
Western Hemisphere Television Demonstrations International	New York & Washington	Mar. 15*–
UNICEF: Executive Board and Program Committee	New York	Mar. 15–
WMO Eastern Caribbean Hurricane Committee of Regional Association IV (North and Central America).	Trinidad	Mar. 24–
ILO Salaried Employees and Professional Committee: 3d Session	Geneva	Mar. 29–
UN Economic and Social Council: 17th Session	New York	Mar. 29–
Sixth Pan American Highway Congress: Meeting of Provisional Committee.	Caracas	Mar.–
UN ECAFE Third Regional Conference of Statisticians	Southeast Asia	Mar.–

International Efforts To Solve Refugee Problem

SIXTH SESSION OF THE INTERGOVERNMENTAL COMMITTEE FOR EUROPEAN MIGRATION

by George L. Warren

The sixth session of the Intergovernmental Committee for European Migration was held at Venice, Italy, from October 12 through October 21, 1953. The Subcommittee on Finance met from October 8 through October 17, 1953. Twenty-four member governments were represented at the session. Colombia and Uruguay had joined the Committee since the previous session. Panama, Spain, the United Kingdom, the Allied Military Government of Trieste, and the Holy See were represented by observers. The United Nations, the Office of the United Nations High Commissioner for Refugees, the International Labor Organization, the United Nations Educational, Scientific and Cultural Organization, the Food and Agriculture Organization, the Council of Europe, the Organization for European Economic Cooperation, and nongovernmental organizations were also represented by observers.

The Migration Committee was established provisionally for 1 year at Brussels in December 1951 and continued in operation during 1953 by decision of the Committee at its fourth session in October 1952.¹ The Committee had previously met at Brussels, Washington, and Geneva. The main

function of the Committee is to facilitate the movement out of Europe of over 100,000 migrants and refugees annually who would not otherwise be moved. The 24 member governments participating in the sixth session were:

Argentina	Greece
Australia	Israel
Austria	Italy
Belgium	Luxembourg
Brazil	Netherlands
Canada	Norway
Chile	Paraguay
Colombia	Sweden
Costa Rica	Switzerland
Denmark	United States of America
France	Uruguay
Germany	Venezuela

The following officers were elected to serve at the sixth session: Chairman, Fernando Nilo de Alvarenga (Brazil); First Vice-Chairman, Baron Eric O. van Boetzelaer (Netherlands); Second Vice-Chairman, Oscar Schurch (Switzerland); and Rapporteur, Akiba Lewinsky (Israel).

Baron van Boetzelaer was elected chairman of the Subcommittee on Finance which met for 3 days preceding and during the sixth session. The Subcommittee on Finance was composed of Australia, Canada, France, Germany, Italy, Netherlands, and the United States. Prior to the session the Subcommittee considered the Status Report of

¹ For articles on the Committee's previous sessions, see BULLETINS of Feb. 4, 1952, p. 169; Apr. 21, 1952, p. 638; July 21, 1952, p. 107; Jan. 12, 1953, p. 64; and June 22, 1953, p. 879.

the Director on the Budget and Plan of Expenditure for 1953 and the proposed budget and plan of expenditure for 1954.

The Subcommittee found that between January 1 and September 30, 1953, the Committee had moved 61,025 persons out of Europe bringing the total moved since February 1, 1952, to 138,628. The sources and destinations of the 61,025 were as follows:

Countries of emigration:

Austria	4,291
Germany	31,255
Greece	2,630
Italy	10,502
Netherlands	2,094
Shanghai/Hong Kong	2,329
Trieste	399
Others	7,525

Countries of immigration:

Argentina	2,537
Australia	9,178
Brazil	9,046
Canada	30,781
Chile	545
Israel	1,319
United States	4,219
Venezuela	2,219
Others	1,181

Contributions to administrative expenditure and miscellaneous income up to October 13, 1953, totaled \$2,218,505. The total of operational income up to October 13, 1953, was \$22,083,154. The United States, Brazil, and Luxembourg had made contributions of free funds to the operational fund, and other contributions were expected before the end of the year from Australia, Belgium, Norway, Sweden, and Switzerland.

On the basis of the report of the Director, the administrative expenditure for 1953 was revised from the original estimate of \$2,147,000 to \$2,136,188. The operational expenditure was adjusted from \$34,608,475 to \$25,408,814 to cover a total anticipated movement during 1953 of 82,411 persons. In the consideration of these adjusted estimates the Subcommittee learned that the average operational cost for movement of persons out of Europe to all destinations is \$282 per head and out of Shanghai, \$521. The average cost of movement from Shanghai has risen because most of the movements have recently been to Latin American countries. The administrative cost per person was estimated in the original budget for 1953 at \$17 and in the revised budget at \$24. The Director explained that administrative costs could not be adjusted up and down to the volume of movement and that the staff had gradually been increased within budgeted limits in order to secure larger movements in 1954 and 1955. The anticipated carry-over of funds from 1953 to 1954 was estimated to be \$376,613 under the administrative budget and \$4,063,847 under the operational budget.

As at the previous session the Subcommittee found that the contributions to the administrative expenditure had been reasonably satisfactory.

However, contributions to the free funds to provide for nonreimbursable movements had fallen short of anticipation, and these and reimbursements for movements had been delayed to the point where the cash position of the Committee was endangered.

In considering the proposed budget and plan of expenditure for 1954, the Subcommittee concluded that the proposed quota of movement of 132,200 was overoptimistic. The United States representative urged strongly that an effort be made to estimate movements more realistically, since the high estimates of 1952 and 1953 had proven confusing to governments in making decisions as to their respective contributions and also tended to lessen public confidence in the Committee. As a result the Director reduced the estimate of movement for 1954 to 117,600 and presented revised estimates for administrative and operational expenditure.

The Subcommittee gave close attention to the proposed plan of expenditure for 1954, examining each chapter of expense in detail. The Director's contention that a total of administrative expenditure originally proposed for the movement of 132,200 would be required for the smaller movement of 117,600 proved unconvincing to the Committee. A final total of \$2,401,862 for administrative expenditure for 1954 was accepted. Adjustments in the plan of operational expenditure resulted largely from the revised lower quota of movements adopted. A total of \$34,014,812 was finally accepted by the Subcommittee, bringing the total budget for administrative and operational expenditure to \$36,416,674.

The scale of contributions to the administrative expenditure was revised to give effect to the memberships of Colombia and Uruguay in the Committee. This resulted in slightly lower percentages for all member governments. The United States percentage was set down at 31.32. Certain governments questioned the reduction in the United States percentage on the assumption that the United States had accepted 33½ percent at Brussels on a continuing basis. The United States representative pointed out that no such commitment had been made, nor could have been made in view of the fact that the United States commitment at Brussels was for 1 year only. The matter was not pressed and the lower percentage for the United States was accepted.

Need for Contributions to Operational Fund

In considering the potential resources for meeting the operational expenditure for 1954, the Subcommittee found that \$4,652,299 in income would have to be raised in 1954 above the anticipated contributions of member governments. This fact challenged the Subcommittee and provided an opportunity for the United States representative to stress again the need for more and larger contri-

butions to the operational fund. The United States representative stressed throughout the discussions that both the volume of movements and the contributions to the operational expenditure by other governments had been disappointing to the United States Government. He also pointed out that failure on the part of the Committee to raise the additional \$4,652,299 in the early part of 1954 could easily result in the termination of the Committee's activities, because the Committee has not yet succeeded in building up a working capital fund which is needed to maintain a sound cash position at all times.

There was some evidence in the responses of other governments that the need for larger contributions to the operational fund was understood and would be considered by the governments in determining their contributions for 1954. Australia pledged \$134,400 at the session in addition to the payments in reimbursement of transport to Australia. The United States representative advised the Committee that the United States Congress had appropriated \$7,500,000 to cover the United States contribution to the Committee for 1954. The discussions on the budget and plan of expenditure for 1954 which took place in the meetings of the Subcommittee on Finance were repeated later in the full Committee.

The procedures and operations of the revolving fund administered by the voluntary agencies with financial assistance from the Migration Committee were reviewed in connection with the adoption of the plan of expenditure. Repayments by migrants for the cost of transport originally advanced from the revolving fund were reported to average 28.5 percent of the money expended by the agencies in 1952. One agency recorded repayments as high as 55 percent. The United States representative expressed concern as to the adequacy of the accounting procedures with respect to advances made to the voluntary agencies by the Migration Committee, and the Director was instructed to secure appropriate audits from the voluntary agencies, not only of the funds involved but of the number of migrants moved with the assistance of the Committee's funds.

Australian Immigrant Quota Raised

The Migration Committee in considering the plan of operations for 1954 learned that Australia had raised her overall quota of immigrants for the fiscal year 1953-1954 and expected that as many as 20,000 would move to Australia under the auspices of the Committee during 1954. At the insistence of the Canadian representative, the estimate for Canada was set down at 15,000 on the assumption that there will be more commercial shipping on North Atlantic routes during 1954. Canada expects to admit the same total of immigrants in 1954 as in 1953. It was estimated that about 30,000 refugees who would receive visas un-

der the Refugee Relief Act would move to the United States under the Committee's auspices.² An estimate of 25,000 migrants to the Argentine was based on the number of relatives in Italy who have already been called forward by Italian immigrants resident in the Argentine. Estimates of movement to Brazil in 1954 were set down at 15,000; Chile, 3,000; Venezuela, 5,200; and all other countries, 4,400.

The Director reported that the services provided by the Committee for the purpose of increasing the volume of movement would be continued in 1954. A number of special projects such as training in Brazilian methods for Italian building laborers granted visas for Brazil, language instruction for Greek migrants booked for Australia, and a study to improve preselection procedures in Italy were already in progress and had demonstrated their value. The Committee will also assist the Italian Government in 1954 to improve its preembarkation procedures in order to increase the number of relatives departing to join immigrants already in Argentina, Brazil, Chile, and Venezuela. Assistance to the Brazilian Government in developing placement procedures will also be continued. The ILO, UNESCO, and WHO are collaborating in the planning and conduct of these special services.

Final Draft of Constitution Approved

After preliminary discussion in the full Committee on the proposed Draft Constitution during which the observations of the representatives of the United Nations and the specialized agencies were presented, a Subcommittee on the Constitution composed of representatives of the Argentine, Denmark, France, Canada, Germany, Italy, and the United States was appointed. Judge Chauncey W. Reed, alternate United States representative, served as chairman. The main concern of the United Nations and the specialized agencies was that there be the maximum collaboration between the Committee and the specialized agencies and that overlapping of services be avoided. This was reflected in requests that provision be made in the Constitution that the specialized agencies be invited to attend meetings of the Executive Committee as observers.

The Subcommittee and later the full Committee felt that this arrangement would not be necessary to achieve these objectives in view of the fact that the Executive Committee under the Constitution will not be a policymaking body; its chief function will be to prepare the work of the Council, which alone has the power to make policy decisions. The Draft Constitution before the Committee already provided for the participation of the specialized agencies in the sessions of the Council as observers.

² For a Department announcement concerning the issuance of visas under this act, see *ibid.*, Dec. 21, 1953, p. 859.

Upon approval of the final draft of the Constitution, the Committee adopted a resolution recommending that member governments accept the Constitution at the earliest possible date. The Constitution when finally in force will give the Committee more formal status and establish it as a temporary Committee with an anticipated life-span of 3 to 5 years as distinguished from a provisional Committee whose continuous existence is dependent upon an annual decision of the member governments.

Situation in Hong Kong

The Director brought to the attention of the Committee the special situation in Hong Kong, which is the exit point for refugees from Shanghai. They arrive in Hong Kong on special courtesy visas issued to them by various Western European countries and remain until the Committee can move them overseas for permanent resettlement. About 15,000 are now in Hong Kong; they leave the city for overseas at the rate of about 400 a month.

The Director explained that the International Refugee Organization Trust Fund previously available for the movement of these refugees would be exhausted by December 31, 1953. He consequently made a special appeal to the government members for the contribution of free funds to the operational fund in the amount of approximately \$2 million in order that the movement out of Hong Kong might be continued in 1954. Pending the receipt of contributions specifically allocated for this purpose, the Director requested authority to apply \$900,000 remaining in the Committee's hands as the unspent balance of the special Iro payments in 1952 for the movement of 12,000 refugees turned over to the Committee when Iro ceased operations. The movement of all of these refugees had been accomplished. The Committee by specific resolution appealed to the government members for funds for this purpose, and authorized the Director to apply the balance of \$900,000 originally received from Iro to the movement of refugees from Shanghai and Hong Kong pending the receipt of new funds for this purpose.

The representative of the Allied Military Government at Trieste, present as an observer, addressed the Committee on the continuing necessity of securing the early resettlement of some 4,500 Eastern European and Yugoslav refugees remaining in Trieste. A trust fund of a million dollars for this purpose was made available to the Committee during 1953. The Committee by resolution appealed to the member governments to provide resettlement opportunities for the refugees remaining in Trieste. Reports were received informally during the session that the Committee's appeal had already opened up new possibilities of emigration, resulting from the undertakings of a number of immigration countries to send recruit-

ing missions to Trieste at the earliest possible date.

The Director's report on the meeting of land settlement experts at Florence from September 28 to October 2, 1953, was followed by statements of a general nature on the subject by a number of representatives of the Latin American countries. The representative of Paraguay gave a detailed description of a plan for land settlement which his government has in preparation. At the end of the discussion a brief resolution was adopted requesting the Director to intensify his efforts in carrying out the terms of paragraph 3 of Resolution No. 36 adopted at the fourth session. During the discussion the United States representative restated the United States position that the United States contribution to the Committee is available only for the movement of migrants and for services closely related to movements and that the United States cannot support participation by the Committee in the financing or management of land settlement projects.

On balance the government representatives at the session were optimistic that the reduced quota of movement, 117,600 for 1954, could be achieved during that period. It was expected also that the services undertaken by the Committee to facilitate the processing and placement of migrants would produce greater results in 1954. In the development of these services, which include special vocational training, language training, and the wider distribution of information concerning opportunities and conditions of living in the receiving countries, the Committee is preparing the groundwork for larger movements in 1955. The Committee has learned from experience that to increase the volume of movements to receiving countries, particularly in Latin America, great attention must be given to the development of new and improved methods of selection, trade testing, and processing, and in the reception, placement, and distribution of migrants after arrival at the port. In many areas of potential movement, the foregoing services are either inadequate or nonexistent and must be painstakingly developed if movement is to take place. Some governments which have developed these services to a high standard of efficiency may be induced to share their experience with other governments through the exchange of trained personnel.

Members of U.S. Delegation

The United States was represented at the session by W. Hallam Tuck, Director, Board of Allied Chemical & Dye Corporation, who had as alternates: Chauncey W. Reed, Chairman of the Committee on the Judiciary, the United States House of Representatives; Francis E. Walter, United States House of Representatives; Arthur V. Watkins, and Mrs. Dorothy D. Houghton, Assistant Director for Refugees and Migration, For-

ign Operations Administration. The advisers were: George L. Warren, Adviser on Refugee and Displaced Persons, Department of State; Walter M. Besterman, Staff Member, Committee on the Judiciary, United States House of Representatives; Richard R. Brown, Director, Office of Field Coordination, United States Refugee Program, Frankfurt; Col. Dayton H. Frost, Chief, Intergovernmental Program Division, Office of Refugee and Migration, Foreign Operations Administration; William C. Afield, Jr., First Secretary and Chief of Consular Division, American Embassy, Vienna; Gary J. Swope, Special Adviser on Refugee, Office of the United States High Commissioner for Germany, Bonn; Harold R. Thom, Chief, Escapee Program Unit, Foreign

Operations Administration, Trieste; and Charles W. Thomas, Chief, Escapee Program, Foreign Operations Administration, Rome.

Ruth Thompson, Edgar A. Jona and J. Frank Wilson, members of the United States House of Representatives, were also present at the session. Beane M. Orent, Chief Clerk, and Charles J. Zann, Law Revision Council, of the House Committee on the Judiciary; Robert Burton, member of the staff of the Senate Committee on the Judiciary; and Frances Christy of the staff of the House Committee on the Judiciary assisted the congressional members of the delegation.

The seventh session will be held in April 1954 at the call of the Director after consultation with member governments.

Reports of U.N. Command Operations in Korea

SEVENTH REPORT: FOR THE PERIOD MAY 16 31, 1953¹

U.N. doc. H. 3090
Dated September 11, 1953

[Excerpt]

Herewith submit report number 10 of the United Nations Command Operations in Korea for the period 16-31 May 1953, inclusive. United Nations Command communications numbers 1616-1631 provide detailed accounts of these operations.

At the 16 May plenary session the United Nations Command Delegation again pressed unsuccessfully for Command acceptance of the Terms of Reference proposed by the United Nations Command on 13 May.² In the face of continued Communist opposition the United Nations Command proposed a recess until 20 May for administrative reasons. On 19 May at the request of the United Nations Command Liaison Officers met. In this meeting the United Nations Command Liaison Officer requested that the current recess be continued until 25 May 1953. Communist Liaison Officers replied that their Delegation considered that negotiations should not be delayed, but stated

that their side agreed to continue in recess until 25 May 1953.

On 25 May the Main Delegations met in plenary session and the United Nations Command Delegation announced that it had a new proposal to submit. The United Nations Command then requested that, in order to permit the most careful and solemn consideration of its latest proposal, it desired that all details of the meeting be transacted in Executive Session. After a fifteen minute recess the Communists agreed that all details of the meetings would be kept secret until one side or the other announced their desire to resume regular open sessions.

On 31 May the Communists requested a meeting of Liaison Officers and announced that their Delegation requested a further recess until 1 June. The United Nations Command Liaison Officer immediately agreed to the extension of recess requested by the Communists.

In January, the United Nations Command issued a publication entitled "The Communist War in Prisoner of War Camps".³ This document exposed, clearly and factually, the efforts being made by subversive Communist agencies to use those prisoners of war in United Nations Command custody as part of their over-all military effort.

¹ Transmitted on Sept. 11 to the Secretary General, for circulation to members of the Security Council, by the U. S. representative to the U.N. Text of the 60th report appears in the *BULLETIN* of Dec. 16, 1953, p. 258, the 61st and 62d reports, Dec. 29, 1953, p. 1031, the 63d report, Jan. 26, 1954, p. 105, the 64th report, Feb. 9, 1954, p. 104, the 65th report, Feb. 16, 1954, p. 106, the 66th report, Mar. 7, 1954, p. 348, excerpts from the 67th, 68th, and 69th reports, May 11, 1954, p. 690, excerpts from the 61st, 64th, and 66th reports, July 13, 1954, p. 69, and excerpts from the 67th, 68th, and 69th reports, Sept. 28, 1954, p. 123. The 60th, 62d, 63d, and 66th reports were omitted from the *BULLETIN*.

² For the text of the proposal of May 13, see *BULLETIN* of May 25, 1953, p. 250.

United Nations Command leaflets, radio broadcasts, and loud-speaker broadcasts during this period gave particular attention to summarizing the United Nations Command position in the armistice negotiations. Petitions received from prisoners of war, fervently expressing their opposition to forcible repatriation, were made public. The numerous constructive steps taken by the United Nations Command to narrow the area of disagreement on an armistice were outlined to civilians and troops in enemy held territory. Details of the 25 May United Nations Command proposal were not disclosed because of its presentation in executive session, but radio broadcasts stressed the urgent need for constructive action on the part of the Communists to match that of the United Nations Command.

³ For a summary, see *BULLETIN* of Feb. 16, 1953, p. 273.

**SEVENTY-FIRST REPORT: FOR THE PERIOD
JUNE 1-15, 1953⁴**

U.N. doc. S/3117
Dated October 20, 1953

[Excerpts]

I herewith submit report number 71 of the United Nations Command Operations in Korea for the period 1-15 June 1953, inclusive. United Nations Command communiqués numbers 1632-1646 provide detailed accounts of these operations.

The Armistice Negotiations continued in executive session, and the first meeting of the main Delegations was held on 4 June 1953. No details of the discussions were made public until 8 June 1953, at which time the Delegations released to the press the "Terms of Reference for the Neutral Nations Repatriation Commission"⁵ which were ratified at 1400 hours on 8 June by the Senior Delegates of both sides. For the remainder of the period negotiations were continued in plenary sessions and in sub-delegation and staff officer meetings; but no details of the agreement reached at these meetings were released to the press.

On a somewhat reduced scale during the period, strongly Communist prisoners of war in United Nations Command custody continued their efforts to harass and embarrass the United Nations Command. Main difficulties were encountered in the Kojo-do complex where on several occasions prisoners, in deliberate violation of standing instructions, refused to participate in headcounts, showed their defiance by shouts and mass chanting, and were abusive to their guards.

Also, of particular note were many instances of beatings by fellow prisoners in the pro-Communist camps. These acts of violence were widespread enough throughout the various compounds to indicate there is a continuing struggle by the hard core leaders to maintain rigid control.

Meanwhile, as the negotiations at Panmunjom developed, those prisoners who have elected not to return to Communist control showed signs of apprehension as to their ultimate fate after an armistice. To insure that all these anti-Communist prisoners could be certain that the United Nations were adhering firmly to the principle of no forced repatriation, the normal information program at each camp emphasized the factual developments occurring at Panmunjom as they became public. Emphasis was placed on United Nations Command insistence that, in any arrangement finally carried out for the disposition of prisoners of war not directly repatriated, force or coercion would not be used.

As the world watched closely those developments which might lead to a full exchange of prisoners of war who desire repatriation, Communist attempts to capitalize on the exchange of sick and injured personnel slackened. Instead of the earlier broadcasts from enemy areas alleging maltreatment, underfeeding and poor medical care for those prisoners returned by the United Nations Command, reports were received of certain Communist prisoners who were being treated as defectors. This contradicted previous Communist claims that all who had been returned had been greeted as outstanding patriots and would enjoy special privileges henceforth.

After agreement was reached on the organization and functions of a neutral nations repatriation commission on 8 June, the full text of the terms of reference was communicated to all prisoners of war held by the United Nations Command. A summary of the principal points was also broadcast, both to prisoners and to the Korean people in general. Leaflets and broadcasts described the

⁴ Transmitted on Oct. 19.

⁵ BULLETIN of June 22, 1953, p. 866.

salient provisions of the draft armistice agreement, and emphasized the continued support of the United Nations for achievement of Korean rehabilitation and unification by peaceful methods.

**SEVENTY-SECOND REPORT: FOR THE PERIOD
JUNE 16-30, 1953⁶**

U.N. doc. S/3132
Dated November 2, 1953

[Excerpts]

I herewith submit report number 72 of the United Nations Command Operations in Korea for the period 16-30 June 1953, inclusive. United Nations Command communiqués numbers 1647-1661 provide detailed accounts of these operations.

Armistice negotiations continued in executive session with staff groups meeting daily to effect necessary changes in the Draft Armistice Agreement. On 16 June, Liaison Officers of both sides also met for several hours. On 17 June a plenary session, lasting twenty minutes, was conducted, and immediately thereafter staff groups resumed their daily meetings to continue their work of finalizing the Draft Armistice Agreement.

During the early morning hours of 18 June 1953, and without prior warning, a series of prisoner of war "escapes" were engineered through the Republic of Korea security guard personnel at anti-Communist prisoner of war camps on the South Korean mainland, which resulted in further delays in signing an armistice.⁷ The element of surprise from the Republic of Korea standpoint was complete. It is regrettable, however, that this precipitous action was taken in violation of United Nations Command authority.

The United Nations Command moved rapidly to retrieve the situation in so far as possible. The Commander-in-Chief, United Nations Command, immediately announced that this action was purely unilateral on the part of the Republic of Korea Government and was taken in spite of previous assurances from President Rhee that no such action would be taken without prior warning. Further, United Nations Command troops were designated to replace Republic of Korea Army troops at the prisoner of war camps without delay. United Nations Command patrols were dispatched to recapture as many prisoners as possible. The latter action could never be productive in view of the attitude of the South Korean populace which had been carefully instructed to provide refuge and assistance to the escaping prisoners.

United Nations Command leaflets and radio broadcasts made factual reports on the continuing discussions and negotiations with the Republic of Korea, and with the Communists, to arrange an end to hostilities. Particular emphasis was also placed on summarizing the monumental efforts which have already been made by the United Nations Command and other agencies of the United Nations to give economic assistance to the Korean people in rebuilding and rehabilitating their nation in the wake of Communist aggression. The numerous contributions by various member nations to this difficult program are being fully reported to the Korean people.

The United Nations Civil Assistance Command, Korea (UNCAK) was reorganized and redesignated as the Korea Civil Assistance Command (KCAC), so as to operate under the direct supervision of the Commander-in-Chief, United Nations Command. The chief purpose in creating KCAC

⁶ Transmitted on Oct. 30.

⁷ For texts of statements and correspondence relating to the release of anti-Communist prisoners of war from U.N. camps in South Korea, see BULLETIN of June 29, 1953, p. 905.

was to assure a more efficient administration of the economic assistance being extended to the Republic of Korea by the member nations of the United Nations through the Unified Command. In activating the Korea Civil Assistance Command under the direct control of Headquarters, United Nations Command, two intervening command echelons were eliminated. The Korea Civil Assistance Command will administer all phases of civil assistance rendered by the United Nations Command to the Republic of Korea including formulation of programs for relief and support of the civilian population, distribution of relief supplies and carrying out projects of reconstruction and rehabilitation which are not undertaken by the United Nations Korean Reconstruction Agency.

SEVENTY-THIRD REPORT: FOR THE PERIOD JULY 1-15, 1953⁸

U.N. doc. S/3133
Dated November 2, 1953

[Excerpts]

I herewith submit report number 73 of the United Nations Command Operations in Korea for the period 1-15 July 1953, inclusive. United Nations Command communiques numbers 1662-1676 provide detailed accounts of these operations.

There were no Armistice meetings during the first seven days of July. Meetings of liaison officers resumed on 8 July and on 9 July a liaison officers meeting was called by the United Nations Command. A meeting of the plenary session was scheduled for 1100 on 10 July.

The Senior Delegates met in executive session throughout the remainder of the period.

During the period from 10 July to 15 July the Communist Delegates asked the United Nations Command Delegates questions relating to the implementation of the Armistice Agreement. Meetings during this period were in executive session. Communist questions mainly pertained to the action the United Nations Command would take in the event that the Republic of Korea Armed Forces do not abide by the terms of the Armistice Agreement.

The question of what the term, "post-hostilities period" meant was introduced into the discussions. The United Nations Command stated that this term includes the entire period of the Armistice and that there is no time limit to the Armistice.

The United Nations Command pointed out that the Armistice being negotiated was a military Armistice between opposing commanders and that the United Nations Command had clearly and unequivocally stated to the Communists that it is prepared to enter into and abide by all provisions of that Armistice Agreement including Article 62.

Despite unilateral Communist violations of the agreement on executive sessions, United Nations Command radio broadcasts and leaflets continued to confine their armistice reports to officially authorized information. Extensive coverage was given, in broadcasts audible throughout Korea, to the tireless efforts of the United Nations and United Nations Command agencies in relief and rehabilitation in Korea. Official statements were broadcast, reiterating the determination of the United Nations to continue working for unification of Korea through peaceful means.

Progress Toward Evacuation of Foreign Forces From Burma

*Statements by Archibald J. Carey, Jr.
U.S. Representative to the General Assembly⁹*

U.S. delegation press release dated November 27

As the members of this committee know, the debate on the question before us was adjourned on November 5 in order that our further consideration of the matter might be taken in the light of what has been and what is being accomplished to implement the proposed evacuation of some 2,000 foreign forces from Burma.

We have recently received several progress reports¹⁰ from the Joint Committee in Bangkok. These reports have been circulated in this committee, and they give many statistics which you will probably wish to digest for yourselves. I do not intend to review them in detail at this moment, but I do wish to underscore the salient points for comment.

As of today, November 27, 1,103 were troops, including 33 women listed as doctors and nurses.

The remaining 175 are dependents. Practically all of these individuals with the exception of one hospital case have been airlifted to Formosa. In two more days, on November 29, additional evacuees are expected, and on that day an estimated 150 individuals are due to arrive at the border. Further groups estimated at from 100 to 150 evacuees are anticipated at the border on December 2, December 4, December 6, and December 8, according to the tentative evacuation schedule presented to the Joint Committee by the foreign forces representative at Mae Chan. To summarize, then, nearly 1,300 individuals, of whom more than 1,100 are troops, have already been evacuated and within the next 10 days or so, additional numbers estimated at between 550 to 750 are expected to be evacuated.

As you will observe from the Joint Committee's basic report, which is before you, the majority of the evacuees have been in good physical condition and only about 2 percent of them were medical cases. Sixty percent were between the ages of 20 and 40, and 12 percent were between 15 and 19 years of age. You will also observe from the report before you the high percentage of officers, including generals, colonels, lieutenant colonels, majors, and so on down in rank.

There have, of course, been delays in the evacuation. Some of them have been unavoidable. Flying weather, for example, caused the loss of 3 days. Other delays were caused by a dispute over

⁸ Transmitted on Oct. 30.

⁹ Made on Nov. 27 and Dec. 4 in Committee I (Political and Security). For previous statements, see BULLETIN of Nov. 30, 1953, p. 761.

¹⁰ U.N. docs. A/C.1/L. 89 dated Nov. 26 and A/C.1/L. 91 dated Nov. 27.

the national origin of certain individuals and by the late arrival of the Burmese observer liaison group at the scene of operations. This latter delay was due to a misunderstanding of formalities on the part of the Burmese and was rectified as soon as the cause of the difficulty was discovered.

The nationality question which arose at an early stage of the operation when 38 men of the Shan race presented themselves as candidates for evacuation still remains unsettled. A procedure however has been proposed for the handling of future cases where nationality is contested, and it is hoped that any further question of this nature can be satisfactorily resolved on an ad hoc basis.

It was almost inevitable that such problems or others like them would arise in the course of such an extended operation as this. And still unsolved is the question of weapons, of which only a very few have been surrendered to date. As of November 25, 41 rifles, 7 carbines, 1 submachine gun, 1 pistol, 1 mortar, and 167 rounds have been surrendered. Today, November 27, an additional 4 submachine guns, 1 carbine, 1 3-in. mortar were surrendered. The committee is doing everything it can to settle this matter. At present, our information is that arms are being collected at Mong Hsat for separate transport to Tachilek. I am sure we all hope that these weapons will soon be turned over to the committee for disposition.

Mr. Chairman, my Government believes that most of the procedural difficulties have now been overcome. We believe there is good possibility that in the end the number of evacuees may exceed the originally estimated figure of 2,000. But whether this is the case or not, and the present tempo of the evacuation can be maintained or accelerated, we have every hope and would express the wish that all of the parties concerned will continue to cooperate in an effort by peaceful means and in the spirit of the charter to implement the resolution adopted last April.

U.S. delegation press release dated December 4

Since we last met on November 27, 1953, further developments have taken place in connection with the evacuation of foreign forces from Burma, which I should like briefly to review.

In a previous session I had dealt with the pattern of attack on my Government demonstrated here again this morning by the representative of Poland. I shall not dwell on it, but he has sought to impugn the integrity of the United States and to minimize what is actually being done through the efforts of the four governments concerned. This is typical, but what cannot be denied or overlooked is that something concrete is being accomplished toward the lessening of tension in Burma, and to this accomplishment the Government of the United States is making substantial contributions.

Let us note the facts. There has been circulated

to the members of this committee one further report received from the Joint Military Committee in Bangkok¹¹ from which it will be seen that the total number of foreign forces evacuated from Burma up to and including November 30 is 1,215. In addition, 206 dependents have been evacuated, bringing the grand total of troops and dependents already evacuated to 1,421. Further groups of evacuees are expected to cross the Burmese-Thai border during the next few days. From these figures it will be seen that steady progress is being registered in the evacuation of foreign forces from Burma, and the outlook is that the original estimated figure of 2,000 foreign forces evacuees should soon be attained.

However, the question of the surrender of weapons by the foreign forces still remains a problem. Although some 19 rifles and 1 submachine gun were surrendered by the group of 46 men and 4 women who crossed the border on November 30, the total number of weapons thus far turned over to the Joint Military Committee for destruction has been disappointingly small. The Joint Military Committee is continuing to give this important matter its attention and is doing everything possible to promote a satisfactory solution. The arms collected at Mong Hsat for separate transport to Tachilek, to which I referred on November 27, have not yet been delivered. I am sure I reflect the views of each and every one of us in expressing the earnest hope that these weapons will soon be turned over to the Joint Military Committee for disposal.

The members of this committee will recall that the date originally set by the Burmese Government for the termination of the cease-fire was December 1, 1953. But it became evident that the evacuation would not be completed by that date and that further contingents of foreign forces were scheduled to leave Burma. The Joint Military Committee in Bangkok recommended an extension of the termination date of the cease-fire. Word has now been received that the Government of Burma has agreed to extend that date to December 15.

I now desire to address myself to the joint resolution A/C.1/L.90 Rev. 1, introduced by Australia, Canada, India, Indonesia, New Zealand, and the United Kingdom which is now before us.¹²

The revisions of the original text which have been made by the cosponsors fulfill the objectives which we were seeking when together with Thailand we submitted amendments set forth in docu-

¹¹ U.N. doc. A/C.1/L. 93. Two subsequent reports were circulated on Dec. 11 as U.N. doc. A/2627.

¹² The resolution urges that "efforts be continued on the part of those concerned for the evacuation or internment" of the foreign forces in Burma "and the surrender of all arms." Committee I adopted the resolution on Dec. 4 by a vote of 51-0-6 (Soviet bloc, Syria); the vote in plenary session on Dec. 8 was 56-0-0. The representative of China did not participate in either vote.

ment A/C.1/L.92. In view of this fact and since the revised draft resolution commands, we believe, wide support among the members of this committee, my delegation will vote in favor of it and will not press for a vote on the amendments which we submitted.

ICJ To Advise on Relation of Assembly and Tribunal

*Statement by James P. Richards
U.S. Representative to the General Assembly*

U.S. delegation press release dated December 8

The Fifth Committee has voted to refer to the International Court of Justice certain legal questions pertaining to the relationship of the Assembly and the Administrative Tribunal. I consider this to be in large part a recognition of the position taken by the United States delegation on the matter of the Tribunal awards¹ and the power of the Assembly to reject them. The referral to the Court means that the awards will not be paid now—and further consideration of them by the Assembly will be postponed until after the Court gives its advisory opinion on the legal questions put to it. If the Court answers these questions as I think it will, then I feel certain that the Assembly will reject the awards at its next session.

General Assembly Statements

Because of space limitations the BULLETIN is unable to print all statements made by U.S. representatives during the closing days of the recently recessed Eighth Session of the General Assembly. Printed herewith for the convenience of readers is a list of U.S. Mission press releases containing significant material not published in the BULLETIN.

No.	Date	Speaker	Agenda Item	No. of Pages
1835	11/27	-----	Atrocities in Korea—Highlights of U.S. Documents	16
1837	11/30	Lodge---	Atrocities in Korea-----	14
1843	12/1	Bolton--	Race Conflict in So. Africa	4
1844	12/1	Bolton--	Report of Trusteeship Council	3
1846	12/2	Lodge---	Atrocities in Korea-----	3
1847	12/2	Richards	U. N. Personnel-----	16
1851	12/4	Ford---	Assistance to Libya-----	2
1852	12/5	Bolton--	Race Conflict in So. Africa	2
1853	12/5	Bolton--	Race Conflict in So. Africa	2
1854	12/7	Lord---	Forced Labor-----	1
1855	12/7	Mayo---	Prisoners of War-----	1
1856	12/7	Lodge---	Korea-----	1
1857	12/7	Richards	U. N. Personnel-----	2
1858	12/7	Lodge---	Korea-----	2

¹ For Mr. Richards' statement on the awards in Committee V (Administrative and Budgetary), see U.S. delegation press release 1847 of Dec. 2; for an earlier statement on personnel questions in general, see BULLETIN of Dec. 21, 1953, p. 873.

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- Letter Dated 19 October 1953, Addressed to the Secretary-General by the Observer of the Italian Government to the United Nations. S/3115, Oct. 19, 1953. 1 p. mimeo.
- Letter Dated 20 October 1953 from the Permanent Representative of Israel to the President of the Security Council. S/3116, Oct. 20, 1953. 2 pp. mimeo.
- Report Dated 23 October 1953 by the Chief of Staff of the Truce Supervision Organization Submitted to the Secretary-General for the Security Council. S/3122, Oct. 23, 1953. 24 pp. mimeo.
- Report Dated 23 October 1953 by the Chief of Staff of the Truce Supervision Organization Submitted to the Secretary-General for the Security Council. S/3122, Oct. 23, 1953. 24 pp. mimeo.
- Letter Dated 29 October 1953 from the Representative of Israel Addressed to the President of the Security Council. S/3129, Oct. 30, 1953. 4 pp. mimeo.

General Assembly

- Information from Non-Self-Governing Territories: Summary and Analysis of Information Transmitted Under Article 73 e of the Charter. Report of the Secretary-General. Summary of information transmitted by the Government of the United Kingdom of Great Britain and Northern Ireland. A/2413/Add. 8, Oct. 30, 1953. 14 pp. mimeo.
- Question of South West Africa. Second addendum to the report of the *Ad Hoc* Committee on South West Africa. A/2475/Add. 2, Nov. 9, 1953. 3 pp. mimeo.
- Budget Estimates for the Financial Year 1954. Part IV—European Office of the United Nations: Section 20—European Office of the United Nations: Section 20a—Office of the High Commissioner for Refugees. Fifth report of the Advisory Committee on Administrative and Budgetary Questions to the eighth session of the General Assembly. A/2501, Oct. 16, 1953. 64 pp. mimeo.
- Report of the United Nations Commission on the Racial Situation in the Union of South Africa, vol. I. A/2505, Oct. 13, 1953. 355 pp. mimeo. vol. II. A/2505/Add. 1, Oct. 14, 1953. 156 pp. mimeo.
- Measures to Limit the Duration of Regular Sessions of the General Assembly. Report of the Sixth Committee. A/2512, Oct. 19, 1953. 6 pp. mimeo.
- Programme of Coordinated Practical Action in the Social Field of the United Nations and the Specialized Agencies. Report of the Third Committee. A/2514, Oct. 19, 1953. 6 pp. mimeo.
- The Korean Question. Note by the Secretary-General. A/2515, Oct. 19, 1953. 5 pp. mimeo.
- The Korean Question. Note by the Secretary-General. A/2518, Oct. 20, 1953. 4 pp. mimeo.

¹ Printed materials may be secured in the United States from the International Documents Service, Columbia University Press, 2960 Broadway, New York 27, N. Y. Other materials (mimeographed or processed documents) may be consulted at certain designated libraries in the United States.

The United Nations Secretariat has established an Official Records series for the General Assembly, the Security Council, the Economic and Social Council, the Trusteeship Council, and the Disarmament Commission, which includes summaries of proceedings, resolutions, and reports of the various commissions and committees. Information on securing subscriptions to the series may be obtained from the International Documents Service.

Agriculture
 Canada To Limit Shipments of Oats to U.S. 21
 President Requests Study of Rye Imports 22

Asia. Meeting the People of Asia (Nixon) 10

Atomic Energy. Soviet Response to U.S. Atomic Proposal (Dulles) 9

Australia. Tax Conventions With Australia Enter Into Force 22

Aviation. Civil Aviation Talks Held With Canada . . . 20

Brazil. International Bank Loans Made In Brazil . . . 24

Burma. Progress Toward Evacuation of Foreign Forces From Burma (Carey) 32

Canada
 Canada To Limit Shipments of Oats to U.S. 21
 Canada-U.S. Relations: A Businessman-Ambassador's Point of View (Stuart) 18
 Civil Aviation Talks Held With Canada 20

Economic Affairs
 Canada To Limit Shipments of Oats to U.S. 21
 Canada-U.S. Relations: A Businessman-Ambassador's Point of View (Stuart) 18
 International Bank Loans Made In Brazil 24
 President Requests Study of Rye Imports 22
 Tax Conventions With Australia Enter Into Force . . . 22
 U.S. To Reconsider Ocean Station Participation 23

Immigration and Naturalization. Delegation of Authority for Immigration Laws 23

International Organizations and Meetings
 Calendar of Meetings 25
 International Bank Loans Made in Brazil 24
 International Efforts To Solve Refugee Problem (Warren) 26
 Soviet Union Delays Four-Power Meeting 9
 U.S. To Reconsider Ocean Station Participation 23

Japan. U.S. Returns Islands to Japanese Control (Dulles) 17

Jordan. Jordan Legation Raised to Embassy Rank . . . 24

Korea
 Attempted Negotiations at Panmunjom (Dean) 15
 Reduction of U.S. Forces in Korea (Eisenhower) 14
 U.N. Command Operations Reports 70-73 30

Military Affairs
 Progress Toward Evacuation of Foreign Forces From Burma (Carey) 32
 Reduction of U.S. Forces in Korea (Eisenhower) 14
 U.N. Command Operations Reports 70-73 30

North Atlantic Treaty Organization
 North Atlantic Council Holds Twelfth Session 8
 President's Views on NATO Report 7
 Report on the North Atlantic Treaty Organization (Dulles) 3

Publications. U.N. Documents 34

Refugees and Displaced Persons. International Efforts To Solve Refugee Problem (Warren) 26

Treaty Information
 Tax Conventions With Australia Enter Into Force . . . 22
 U.S. Returns Islands to Japanese Control (Dulles) . . . 17

Turkey. President of Turkey To Visit U.S. 24

Union of Soviet Socialist Republics
 Soviet Response to U.S. Atomic Proposal (Dulles) 9
 Soviet Union Delays Four-Power Meeting 9

United Nations
 General Assembly
 General Assembly Statements 34
 ICJ To Advise on Relation of Assembly and Tribunal (Richards) 34
 Progress Toward Evacuation of Foreign Forces From Burma (Carey) 32
 U.N. Command Operations Reports 70-73. 30
 U.N. Documents 34

War Claims Commission. Appointments to War Claims Commission 24

Name Index

Armbruster, Raymond T. 24
 Bayar, Celal 24
 Carey, Archibald J., Jr. 32
 Dean, Arthur H. 15
 Dulles, Secretary 3, 9, 17
 Eisenhower, President 7, 14, 22, 24
 Gilliland, Whitney 24
 Nixon, Vice President 10
 Pace, Mrs. Pearl Carter 24
 Richards, James P. 34
 Rifai, Abdul Munim 24
 Smith, Walter B. 21
 Stuart, R. Douglas 18
 Warren, George L. 26

Check List of Department of State Press Releases: December 14-27

Releases may be obtained from the News Division, Department of State, Washington 25, D. C.

No.	Date	Subject
661	12/14	Jordan credentials (re-write)
†662	12/16	Cabot: Latin American relations
663	12/16	Visit of Turkish President (re-write)
664	12/16	Aviation talks with Canada
†665	12/87	Appointment to Unesco Commission
666	12/21	Dulles: Soviet reply to atomic pool
667	12/21	Dean: Report on Panmunjom talks
668	12/22	Dulles: Report on NATO
669	12/22	U. S. participation in ocean program
670	12/22	Tax conventions with Australia
671	12/24	Rights over Amami Oshima Islands
*672	12/24	Dulles: Death of Pierre Dupong
*673	12/24	Dulles: Christmas greetings
*674	12/26	Dulles: Death of Monnett Davis
675	12/26	U.S.S.R. delays Berlin meeting

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†Held for a later issue of the BULLETIN.

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Vol. XXX, No. 759

January 11, 1954



MUTUAL ECONOMIC PROGRESS IN THE AMERICAS ● <i>by Assistant Secretary Cabot</i>	48
EFFORTS TOWARD RETURN OF LEND-LEASE VESSELS BY U.S.S.R. ● <i>Text of Correspondence . . .</i>	44
CHINA IN THE SHADOW OF COMMUNISM ● <i>Article by Walter P. McConaughy</i>	39

For index see inside back cover



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China in the Shadow of Communism

by Walter P. McConaughy

How have we come so abruptly to the present sad and menacing state of affairs in China when the National Government was victorious and clothed with great international prestige in 1945? A strong contributory factor undoubtedly was the tragically devitalizing effect on China of a decade and a half of struggle against Japanese aggression.

Many observers were not unaware of the debilitating effects of Japanese encroachment, but few appreciated to the full the extent to which the Chinese governmental, economic, and social structure had been undermined. The collapse on the mainland in 1948 and 1949 was in substantial measure the evil fruit of that bitter and heroic early struggle.

We cannot seriously believe that the ultimate judgment of history will hold our country primarily responsible for the debacle which took place in China between 1945 and 1949, the consequences of which no man can foretell.

Our help before and during those years was very substantial, even though it proved to be ineffective. In a sense the defeat represented a failure of free men, primarily in China, but secondarily in every associated country that was free, to recognize to the full the sinister nature of the threat, which far transcended the borders of China, and a corollary failure to respond with the prodigious measure of sacrificial effort that would have been required to forestall the catastrophe.

Support of Government on Formosa

Today we see the government which was the victim of that Communist conspiracy and aggression entrenched on Formosa, endowed with a great sense of dedication and a clear understanding of the nature of the enemy, as a result of the fires through which it has passed. Much of the dross has been consumed in the searing experiences of these years.

Aided by military and economic programs in which we are participating heavily, it stands lit-

erally and figuratively as a rallying point for all Chinese who oppose the Communist oligarchy which aims to keep the Chinese people in bondage and use them for the further attainment of their evil objectives. The Chinese Government and its people on Formosa are redoubtable members of the confraternity of free peoples who are ready to take their stand against further Communist conquests.

In view of the limitations imposed by relatively small geographic, manpower and economic resources, care must be taken not to overestimate that government's material capabilities. The strongest force they can muster and support is none too large for the threat they face. In the no less important moral and psychological spheres their value to the common cause is enormous.

We have our problems with that government as it no doubt has its problems with ours. Governments are fallible, as are the humans who compose them. The point is that this government is essentially with us. It is a government with which we can negotiate on a rational plane. We are dealing with it on a sane basis of give and take.

We are rendering substantial help to this government without intervening in its domestic affairs or otherwise infringing on its sovereignty. We are helping a beleaguered people to help themselves and the common cause. It is a program from which we can derive some satisfaction. It is our purpose to continue to back this government.

We believe that it is the only Chinese Government which represents in any measure the authentic aspirations and the bona fide national interests of the Chinese people.

Disillusioned though the mass of the Chinese may have been with it in the dark days of 1948-49, its record on Formosa makes it look better and better to the Chinese people on the mainland by contrast with the ruthless exploitation which they are suffering at the hands of the regime of Mao Tse-tung. There is reason to hope that the government at Taipei will continue to grow in

strength, in devotion to the cardinal principles of democracy, and in international prestige, and that its base of free Chinese support will steadily be broadened so that it will be enabled to raise ever higher a standard around which all Chinese may rally who wish to save from extinction Chinese freedoms and the ancient and distinctive Chinese traditions.

We find an element of irrationality in much of the vituperation heaped upon that government and its head. Grant that it committed errors of judgment after World War II; concede that it had in large measure lost the confidence of the Chinese people when it abandoned the mainland 4 years ago; after all that is taken into account we have still the incontrovertible fact that it has stood steadfastly by those principles which free people recognize as paramount. It has come a long way since it established itself on Formosa.

It seems to us that the intemperate abuse heaped on the Chinese Government is often based on petty personal grounds or on shortcomings which are no longer relevant.

There is an occasional form of human perverseness which tends to cause displeasure to rise higher against a man of good will who is in difficulty involving others than against a dangerous public enemy with whom there has been no personal contact. But this reaction should be momentary at the most.

If there was ever any excuse for overlooking the faults of the enemy and magnifying the alleged faults of the friend, it abruptly ended in November 1950 when the Chinese Communists without warning or warrant hurled their forces against the U.N. defenders of Korea.

There is no doubt that the overwhelming majority of the American people do see this issue in proper perspective. But an articulate though small minority in our own country, and more in some other countries, sometimes seem to fail to distinguish friend from foe.

When it is possible to take the long view, we may find that one of the sad circumstances of these days has been the proclivity of some of our friends in various parts of the world to confuse Communist imperialism with bona fide nationalism.

Siren Song of Communism

The siren song of communism in Asia, that it is spearheading a pan-Asiatic revulsion against white colonialism and imperialism, has beguiled many Asians of good will who would not knowingly play the Communist game. When the Communists so plausibly take over and exploit to their own evil purposes the discontent of Eastern peoples with their poor lot in life, perhaps it is no wonder that many are deceived.

Equally to be deplored is the occasional tendency to regard with considerable reserve any

Asiatic government which is standing four square against Communist encroachment and is participating in the U. S. mutual defense assistance program as being somehow under foreign domination and less representative of its people than a government whose position is equivocal. The suspicion does not seem to attach equally to European countries participating in the program—only the Asian countries.

A word of caution now against those who say that the battlelines are now drawn and that we must immediately make a fateful leap in one direction or the other. They would have us either enter into a full program of attempted appeasement of communism in Asia, or else embark upon a dangerously provocative course which might soon embroil us in active hostilities with consequences beyond measure.

Although they would not admit it, their counsel in effect is that we must jump either into the frying pan or the fire. We do not propose to do either.

Our course is what we conceive of as a middle one, calculated to limit the capability of the enemy for further aggression and to build up the strength of our friends. In that direction lies the best hope for peaceful attainment of our objectives, and the best preparation for any new challenge that may be flung at us.

Nonrecognition of Communist Regime

One often-asked question deserves an answer: "Since recognition doesn't signify approval, why don't we 'accept reality' and recognize the Chinese Communist regime which is in full control of the country?"

To start with, let us take a look at the four generally accepted criteria which a new regime ordinarily must meet before its recognition as a legitimate government and its acceptance into the sisterhood of nations. These four criteria are (1) effective control over the territory of the country; (2) sovereign independence; (3) truly representative character—something in the nature of a mandate from the people governed, or at least their consent without coercion; and (4) acceptance of its inherited and generally recognized treaty and other international obligations and adherence to a pretty well established minimum standard of decency in its treatment of foreign nationals and interests within its borders.

Of these four criteria it would seem that the Peiping regime meets only the first and that is perhaps the least essential of the four.

Repeatedly we have recognized governments in exile which could not meet the first criterion. But it would be a serious matter to overlook the other three tests.

The Chinese Communists do not measure up under any of them. They are subservient to Mos-

cow and international communism; they impose an alien minority rule by force and falsification on an intimidated, isolated and misinformed populace; and they openly flout every Chinese treaty obligation, every principle of the U.N. charter, and every clause in any reasonable formulation of human and property rights for aliens.

Apart from the horrors wantonly inflicted on millions of Chinese since 1949, the story of the flagrant abuse of scores of American citizens is one which rightfully causes us to burn with wrath.

The shocking crimes against humanity of recent years have blunted world sensitivity to mass sadism so that we no longer seem to express the full measure of our moral indignation against these great wrongs. But we cannot lightly dismiss the agony of our fellow citizens arrested by Chinese Communists on trumped-up charges; held incommunicado for months or years without access to friends or legal counsel and often without knowledge of what offense if any is charged against them; and in many cases subjected to physical or mental tortures aimed at extorting false confessions that can be used in the vicious hate-America propaganda campaign, a campaign which unhappily may in time turn a new generation of Chinese against America and Americans by a systematic poisoning of their minds against this country beginning in childhood.

On grounds of international law, the case against recognition is very strong. On practical grounds, the argument is equally strong.

Recognition has assumed a political and psychological significance which is new. It has become a symbol. Recognition in this case would mean in the eyes of millions, especially in Asia, not necessarily approval but acceptance, accommodation, and reconciliation.

Nonrecognition means refusal to accept the Communist triumph as definitive. It means to many that the will to resist Communist expansion is alive; that communism is not the inevitable "wave of the future" for Asia; that communism is not assured of acceptance and legitimation in every country where it may gain a beachhead; that our Asian friends who have the courage to stand up against communism will not have the ground cut out from under their feet if communism should attempt to subvert or take over their native land.

Some may be unable to see why the recognition issue should signify all this; but the fact is that it does to many Asians, including numbers who are "on the fence." Many an Asian has told me that American nonrecognition of the Communist regime in Peiping has had much to do with checking the impetus of the Communist advance in Asia.

Even Chinese who are not particularly in sympathy with the Chinese National Government tell us that recognition of the Communist dictators in Peiping would be the greatest single nonmilitary triumph for the Communist cause and the hardest

psychological blow against the will to resist the further spread of communism that could be devised.

It would be an unthinkable betrayal of the Chinese Government and its people on Formosa and likewise a grave disservice to the mass of Chinese people on the mainland suffering under Communist dictatorship. Our friendship for them shall not waver, and it demands that we shall not strengthen the hand of their oppressor.

The Communist side is becoming increasingly aware of the immense political and psychological advantages, as well as the parliamentary advantages in the United Nations, which could be obtained from general worldwide recognition of the Peiping regime. Hence we are beginning to see a series of maneuvers out of Moscow and Peiping designed to force the general international acceptance of the Mao Tse-tung regime as the legitimate government of China, entitled to occupy China's seat in the United Nations. This endeavor must be resisted.

We see in the arrogant, incorrigible, unyielding position taken by Chinese Communist mouthpieces wherever they appear at a conference how difficult it is to negotiate even the simplest matter with them. The current negotiations in Korea are an example. The patience, the flexibility, the open-mindedness, the reasonableness and resourcefulness of even a consummately skilled negotiator are largely wasted.

There is nothing to be gained from diplomatic relations with such a regime, which believes in the use of diplomacy as a weapon of propaganda and subversion rather than as a means of constructive diplomatic intercourse.

The ambitious plans of the Peiping regime to build its industrial base for war through a comprehensive 5-year economic development plan are deeply disturbing. There is no reason to believe that its longstanding plans for expansion in Asia have been modified.

Korean Issue Remains Open

Even the aggression in Korea cannot be considered as terminated merely by an armistice. In the absence of a satisfactory settlement in a political conference, the Korean issue remains open.

The fundamental threat posed by the Peiping regime through its Korean aggression calls for a continuance of the concerted U.N. economic sanctions which have been applied against it since 1951.

We believe that the regime, if allowed to carry on foreign trade freely, would disregard the normal consumer requirements of the Chinese people and continue to impose the severest limitations on imports of consumer goods, while concentrating on strategic and industrial imports essential to the build-up of a war economy which might later be used against us.

Hence the conclusion that the U.S. ban on trade, shipping, and financial relations with Communist China must be maintained, in the absence of a fundamental change in the posture, the composition and the essential orientation of the regime.

The Peiping regime in 1949 contemptuously rejected opportunities for friendship and normal trade relations. Those who have hoped that a Western policy of "keeping a foot in the door" would have a moderating effect on the regime, and perhaps alienate the regime from its Moscow affiliation, have seen their hopes consistently dashed.

By maintaining a policy of pressure and diplomatic isolation we can at least slow the growth of the war-making potential of Communist China and retard the consolidation of its diplomatic position. A relationship of dependence on the senior partner as complete as we can make it will not make the embrace any more congenial for either the Soviet senior partner or the Chinese Communist junior partner.

It is regrettable that I cannot produce any panacea which would solve all the vexing problems posed by Communist China and remove this added

threat to our national security with one magic stroke. I do not have any such formula and I question whether anyone else has.

It is not pleasant to have to report that nothing better than a prolonged period of tension and uncertainty may be in store for us. It is cold comfort to say that the prospects of checkmating any further encroachments of the opposition in the Far East are slowly improving. We all long for a quick end to this gray period which is so costly, so anxious, and so frustrating.

But let us take comfort in the assurance that we now know the nature of the enemy, which should deny him any more easy victories; in the belief that a divinely implanted inner voice inclines all humanity to our side; and in the conviction that any system so violative of all the things mankind holds most dear must veritably carry within itself the seeds of its own ultimate dissolution.

• *Mr. McConaughy is Director of the Office of Chinese Affairs. His article is based on an address made on December 7 before the Richmond Public Forum, Richmond, Va.*

Withdrawal of Two U. S. Divisions From Korea

Press release 677 dated December 29

At his press conference on December 29, Secretary Dulles was asked whether the projected withdrawal of two American divisions from Korea was founded upon a general buildup of American military power in the Far East, or whether it was to encourage a climate of peace in the area. He was also asked how such a withdrawal would affect the strength of the United States in Japan. Mr. Dulles made the following reply:

The withdrawal or prospective withdrawal of two divisions from Korea is due to a combination of circumstances. One of those circumstances is the fact that there was a very considerable buildup of United States strength in Korea in the few weeks which immediately preceded the armistice. That was done as one of the many moves which we made to try to bring the armistice about, and the two divisions now to be withdrawn are to a large extent the equivalent of the buildup which was made shortly before the armistice.

A second point is that one of the many important reasons for the armistice was to get away from having a large part of the United States armed forces permanently pinned down on the Asian mainland, and the armistice would not have accomplished one of its major intended purposes if it did not operate to give greater mobility and greater choice to United States military strength in the Asian theater.

A third point is that in fact there has been, as the President's statement pointed out,¹ a very substantial buildup of sea and air power, and we have emphasized on one or two occasions that if there is a renewal of hostilities in Korea or if the Chinese Communists should openly intervene in Indochina the reactions on our part would not necessarily be confined to the particular area which the Communists chose to make the theater of their new aggression. The implication of that is that, instead of trying to meet any such new aggressions merely by land power of our own in Asia, there would be more reliance on sea and air power which would give us a greater choice. All those things combined make logical the action which the President announced.

Now when you speak about strength in relation to our position in Japan, if you're thinking in terms of the ability to inflict damage upon a possible enemy, that power is being increased. If you're thinking of power merely in terms of actual numbers of foot soldiers, that I would say is on a declining basis as far as U. S. forces in Korea are concerned. There has been no decision yet in that respect as regards Japan.

Our power will, I believe, on net balance be greater than it has been heretofore. And the President's statement made very clear, and this should always be emphasized, this action that has

¹ BULLETIN of Jan. 4, 1954, p. 14.

been taken is not intended in any way to be a diminution of our recognition of responsibilities in that area, or of our ability to discharge those obligations.

Let me reaffirm what the President said, namely, that United States military forces in the Far East will be maintained at appropriate levels to take account of the commitments which the United States has undertaken in that area and which are vital to the security of the United States. These forces will feature highly mobile naval, air, and amphibious units.

Viet Minh Penetration of Laos

Press release 678 dated December 29

At his press conference on December 29, Secretary Dulles was questioned regarding the significance of the Viet Minh penetration of Laos. Mr. Dulles made the following reply:

My impression is that recent accounts have been exaggerated. There has been talk about cutting Indochina in two. The reality is that there has not for a long time been any movement north and south through that area. The normal movement is by sea and by the river, and the interior has been spotted with Communist infiltrations for a long time. I imagine that the buildup which has been given this is due in considerable part to its political implication which exaggerates the matter beyond its military significance. I don't know where the source of this buildup comes from. My information is that the French press has not attached as much importance to it as apparently the American press has. I don't know how to account for that exactly, but it seems to be the fact. Certainly it is a fact that our analysis does not attach the importance to it which seems to be attached by many of the stories.

We have always taken a serious view of the entire situation in the Indochina area. It is a difficult struggle. It is an area in which any side which wishes to take an offensive can do so. But my judgment of the total situation is not appreciably affected by the Communist offensive in the last few days. I do not believe that anything that has happened upsets appreciably the timetable of General Navarre's plan. There is no reason that I am aware of for anybody to get panicky about what has happened.

Now as to your questions of whether this detracts from the sincerity of the highly publicized "peace feelers" of the Viet Minh, whether this penetration is coordinated with Communist moves elsewhere, and whether it constitutes a threat to Thailand, let me say this: With respect to the "peace feelers," I have never thought there was much sincerity in them. So when you subtract

nothing from nothing, you still have nothing.

It is not impossible that this move bears a relationship to the prospective meeting of the Foreign Ministers in Berlin.

The fact that Communist troops are again close to the borders of Thailand obviously causes some concern. But the Communist forces on the border are not now, according to our information, in such numbers as to carry any present serious threat to Thailand.

Agreement Reached on Date for Four-Power Meeting

Following is the text of an exchange of notes between the U. S. and Soviet Governments regarding the proposed four-power meeting of Foreign Ministers at Berlin. The U. S. note was delivered to the Soviet Foreign Ministry on January 1 by Ambassador Charles E. Bohlen. Similar notes were delivered to the Foreign Ministry on behalf of the British and French Governments.¹

U. S. NOTE OF JANUARY 1

Press release 1 dated January 1

The United States Government acknowledges receipt of the note of December 26, 1953, in which the Soviet Government agrees to be represented at a meeting in Berlin of the Foreign Ministers of France, the United Kingdom, the United States and the Union of Soviet Socialist Republics. While regretting that the Soviet Government has not accepted the proposed date of January 4, the United States Government agrees to the date of January 25 now suggested in the Soviet note.

The United States Government also agrees that representatives of the High Commissioners should discuss the technical arrangements for the meeting, including the question of the building in which it should take place, and it is so instructing the United States High Commissioner. As regards the place of meeting, the United States Government continues to believe that the building formerly used by the Allied Control Authority offers all the necessary facilities.

In its earlier notes, the United States Government has already set out its views as regards the meeting itself and the questions to be considered at it. It, therefore, does not now think it necessary to revert to these matters which will shortly be the subject of discussion between the Foreign Ministers of the four countries.

¹ For texts of previous exchanges of notes, see BULLETINS of July 27, 1953, p. 107; Aug. 31, 1953, p. 282; Sept. 14, 1953, p. 351; Oct. 26, 1953, p. 547; and Nov. 30, 1953, p. 745.

SOVIET NOTE OF DECEMBER 26

[Unofficial translation]

The Soviet Government takes into consideration the United States Government's agreement to the convocation of a conference of Ministers of Foreign Affairs of the United States of America, England, USSR and France at Berlin.

The Government of the USSR reaffirms the position which it set forth earlier on the question of the convocation of a conference of Ministers of Foreign Affairs. It views the importance of this conference in connection with the possibility of the achievement of a lessening of tension in international relations given appropriate desires on the part of all participants in the conference and in connection with the necessity of assuring European security and eliminating the threat of the rebirth of German militarism.

The Soviet Government takes note of the United States Government's agreement to discuss the question of the

convocation of a conference of five powers with participation of the Chinese People's Republic, inasmuch as the conference of Ministers of Foreign Affairs of the five powers can naturally contribute in the highest measure to the settlement of international problems which have come to a head.

Taking into account the necessity for appropriate preparation for the conference of Ministers of Foreign Affairs and also the importance of assuring the proper conditions for participation in this conference for all governments, the Soviet Government considers the most suitable date for such conference January 25, 1954, or any subsequent day.

As to building where above-mentioned conference should take place, it would appear expedient to decide this question by agreement among the representatives of the High Commissioners of the four powers in Berlin.

Similar notes have also been sent by the Soviet Government to the Governments of England and France.

U. S. Continues Efforts Toward Return of Lend-Lease Vessels by U. S. S. R.

Press release 676 dated December 28

Following are the texts of several communications exchanged between the Department of State and the Embassy of the Union of Soviet Socialist Republics on lend-lease matters:

U. S. AIDE-MEMOIRE OF SEPTEMBER 11¹

On November 5, 1952 the Acting Secretary of State addressed a note to His Excellency the Ambassador of the Government of the Union of Soviet Socialist Republics² concerning the negotiations for a settlement of the obligations of the Soviet Government under the Master Lend-Lease Agreement of June 11, 1942.³ In this note it was pointed out that although the Soviet Government had expressed its readiness to return to the United States 186 naval craft, the return of which the Government of United States initially requested in its note of September 3, 1948 and repeatedly requested thereafter, the Soviet Government had not been prepared to take any concrete action for this purpose. It was suggested that if it was in fact the intention of the Soviet Government to return those vessels, the Government of the United States should be informed without further delay

¹ Handed to Ambassador Zaroubin by Under Secretary Smith.

² BULLETIN of Nov. 24, 1952, p. 819.

³ For a summary of these negotiations, see BULLETIN of June 2, 1952, p. 879.

of the dates and ports of return, or alternatively of the date when Soviet representatives would be available to work out with representatives of the Government of the United States the details for the return of the vessels.

The Acting Secretary's note also reiterated the position of the Government of the United States with respect to the other lend-lease vessels remaining in the custody of the Soviet Government. As had been made clear in the United States notes of April 6, 1951⁴ and January 7, 1952⁵ and in meetings of the lend-lease delegations of the two Governments since January 1951, the offers of the Government of the United States early in the settlement negotiations to sell lend-lease merchant vessels and a number of lend-lease naval craft were expressly conditioned upon the prompt conclusion of a satisfactory lend-lease settlement. When in January 1951 the Soviet Government had not arrived at a settlement of its lend-lease obligations the Government of the United States withdrew these offers and requested the return of all lend-lease vessels. Furthermore, it had become unmistakably clear from the history of the negotiations that the Soviet Government had consistently avoided the conclusion of a prompt settlement.

With respect to the question of a financial settlement the note of the Acting Secretary recalled that the Government of the United States had offered to accept the sum of \$800 million which it

⁴ BULLETIN of Apr. 23, 1951, p. 646.

⁵ *Ibid.*, Jan. 21, 1952, p. 86.

considered fair and reasonable compensation for the vast quantities of civilian-type lend-lease articles remaining in Soviet custody at the end of hostilities, but that in the interest of achieving a settlement, the Government of the United States was willing to reduce further this amount provided that a truly constructive offer were made by the Soviet side. It was again emphasized that the United States considered the Soviet offer of \$300 million to be far from fair and reasonable compensation for the residual lend-lease articles and it was pointed out furthermore, that the Government of the United States had to take into account the fact that by not returning the 186 naval craft and other vessels requested, the Soviet Government was in clear default of the very agreement under which negotiations have been carried on since April 1947. The note of the Acting Secretary of State affirmed that it is therefore the position of the Government of the United States that when the Soviet Government has made arrangements to fulfill its obligations under Article V of the Lend-Lease Agreement of June 11, 1942, the Government of the United States in the interest of a settlement, will be prepared to make further proposals concerning a financial settlement.

On March 20, 1953 a further note was sent to the Embassy of the Union of Soviet Socialist Republics inquiring when a reply to the note of November 5, 1952 might be expected. No replies to either of these notes have been received by the Government of the United States.

As His Excellency is aware, more than six years have elapsed since the beginning on April 30, 1947 of the negotiations for a settlement of the obligations of the Soviet Government under the Lend-Lease Agreement of June 11, 1942. Accordingly, the Government of the United States requests that it be advised at an early date of the intentions of the Soviet Government with respect to the return of United States-owned lend-lease vessels as required under Article V of the Agreement of June 11, 1942.

Department of State,
Washington.

SOVIET NOTE OF OCTOBER 20

[Translation]

In connection with the aide-memoire of the Department of State dated September 11 of this year, referring to the note of the Government of the USA dated November 5, 1952 on the subject of settling lend-lease accounts, I have the honor to communicate the following, under instructions from the Government of the Union of Soviet Socialist Republics.

The Soviet Government has been steadfastly striving for a very prompt settlement of the lend-lease accounts. In this connection it suffices to

point out that the Soviet Government has returned to the United States 3 icebreakers, 27 frigates, 7 tankers, and 1 dry-cargo vessel, and has agreed to return 186 naval vessels. Agreements concerning compensation for the use in the USSR of patents for oil-refining processes have been concluded with all firms which manifested a desire to negotiate on mutually acceptable terms. The Government of the USSR has repeatedly raised the total amount of compensation for the remainder of the lend-lease goods and has brought it up to \$300,000,000, while the Government of the USA, on its part, has not designated a new reduced total amount of compensation.

From the foregoing it follows that the Soviet side has in the course of the negotiations made substantial concessions and has introduced a number of constructive proposals directed toward the achievement of an agreement for settling the lend-lease accounts. The Soviet Government expects that the Government of the USA will make the necessary efforts for the achievement of an agreement on questions that are still undecided, especially on the question of the total amount of compensation for the remainder of the lend-lease goods, and that it will adopt measures for the fulfillment of the agreement previously concluded on the question of merchant and naval vessels. The Government of the USSR, on its part, is also prepared henceforth to cooperate for purposes of a swift and definitive settlement of all matters relating to the lend-lease accounts. The resumption of direct negotiations by representatives of the two parties might serve as a practical step which might contribute to a more rapid achievement of an agreement.

Technical questions connected with the transfer of the said 186 naval vessels may likewise be considered in these negotiations.

Accept, Excellency, the assurances of my highest consideration.

ZARUBIN

Embassy of the Union of Soviet Socialist Republics
Washington

His Excellency
JOHN FOSTER DULLES
*Secretary of State
of the United States of America.*

U.S. NOTE OF NOVEMBER 24

EXCELLENCY: I have the honor to refer to your note No. 13 of October 20, 1953 concerning the negotiations for a settlement of the obligations of the Government of the Union of Soviet Socialist Republics under the Master Lend-Lease Agreement of June 11, 1942.

The Government of the United States notes that the Soviet Government has again stated that it is

prepared to return the 186 naval craft initially requested by this Government on September 3, 1948. The Government of the United States also notes that the Soviet Government states it is now willing to discuss the technical arrangements for the transfer of these vessels to the United States. Accordingly, it is proposed that representatives of our two Governments meet on December 15, 1953 at the Department of State to work out the details for the return of these vessels to the United States.

The Government of the United States would appreciate being advised at the earliest possible date whether the above date is acceptable to the Soviet Government.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Secretary of State:

WALTER BEDELL SMITH

His Excellency

GEORGI N. ZARUBIN,

*Ambassador of the Union of
Soviet Socialist Republics.*

SOVIET NOTE OF DECEMBER 3

[Translation]

EXCELLENCY:

In connection with your note of November 24, 1953, on the subject of settlement of lend-lease accounts, I have the honor to communicate to you that the Government of the Union of Soviet Socialist Republics is in agreement with the proposal of the Government of the United States that representatives of the Governments of the Union of Soviet Socialist Republics and of the United States should meet on December 15, 1953, in the Department of State for a discussion of the said subject.

Accept, Excellency, the assurances of my high esteem for you.

ZARUBIN

His Excellency WALTER BEDELL SMITH

*Acting Secretary of State
of the United States.*

U. S. AIDE-MEMOIRE OF DECEMBER 24⁶

In its note of November 5, 1952, the Government of the United States pointed out that the Soviet Government, by its failure to return the 186 naval craft and other lend-lease vessels requested by the United States, was in default of the very agreement under which lend-lease negotiations

have been carried on since April 1947. The Soviet Government was advised that it is therefore the position of the Government of the United States that when the Soviet Government has made arrangements to fulfill its obligations under Article V of the Lend-Lease Agreement of June 11, 1942, the Government of the United States in the interest of a settlement, will be prepared to make further proposals concerning a financial settlement.

The Soviet Government in its note of October 20, 1953 again stated that it has agreed to return the 186 naval craft and also stated that it is willing to discuss the technical arrangements for the transfer of these vessels to the United States. Accordingly, the United States proposed in its note of November 24, 1953 that representatives of the two Governments meet on December 15, 1953 at the Department of State to work out the details for the return of the 186 naval craft to the United States. His Excellency, the Ambassador of the Union of Soviet Socialist Republics, replied by note on December 3, stating that the Soviet Government was in agreement with the proposal of the Government of the United States that representatives of the two Governments meet on December 15.

From these exchanges of correspondence it was the expectation of the Government of the United States that working groups of the two Governments would meet on December 15 to work out the details for the return of the 186 naval craft to the United States. However, on December 14, His Excellency advised the Acting Secretary of State that the Soviet Government desired to deal simultaneously with all of the issues in the lend-lease negotiations including the return of the 186 naval craft to the United States. The Acting Secretary replied that the Government of the United States favored a step-by-step approach but nevertheless undertook to consider the Soviet position. Subsequently an officer of the Soviet Embassy informed the Department that it was the position of the Soviet Government that the meeting scheduled for December 15 should be cancelled.

The Government of the United States has carefully considered the position of the Soviet Government and has concluded that the various questions should be dealt with on a step-by-step basis. In reaching this conclusion, this Government has been guided by its belief that adherence to the terms of the Lend-Lease Agreement of June 11, 1942 can best contribute to the creation of the mutual understanding necessary to the negotiation of a final lend-lease settlement agreement.

With respect to the question of the 186 naval craft, the Government of the United States has taken into account the fact that the return of these craft was requested initially on September 3, 1948, more than five years ago, and that at no time were

⁶ Initialed by Under Secretary Smith.

these vessels offered for sale to the Soviet Government. Furthermore, Article V of the Lend-Lease Agreement of June 11, 1942 provides unconditionally that the Soviet Government shall return lend-lease articles to the United States when requested to do so by the President of the United States. Accordingly the return of lend-lease vessels requested by the President of the United States is not an issue for negotiation nor can it be made dependent upon the resolving of other questions in the lend-lease negotiations.

It is the position of this Government, therefore, that the first step should be the working out of detailed arrangements for the return of the 186 naval craft. In this connection, the United States working group previously designated for this purpose will be prepared to meet at the earliest convenience of the Soviet representatives. Following the working out of such arrangements the two Governments should be prepared to take up the remaining matters under the Lend-Lease Agreement.

SOVIET NOTE OF DECEMBER 26

[Translation]

EXCELLENCY,

In reply to your aide-memoire of December 24 of this year, I inform you that representatives of the Soviet Union agree to meet with representatives of the United States on December 28, or on another day suitable for them, for discussion of technical questions connected with the transfer of 186 naval craft. In this connection, I also inform you that the representatives of the Soviet Union were ready to discuss this question on December 15, and that the initiative for postponing the planned meeting did not come from the Embassy of the Union of Soviet Socialist Republics.

Accept, Excellency, the assurances of my high respect.

ZAROUBIN

His Excellency,

MR. WALTER BEDELL SMITH,
*Under Secretary of State,
United States.*

Election of President of French Republic

White House press release dated December 23

Following is the text of a message which the President sent on December 23 to René Coty, the newly elected President of the French Republic:

Please accept my congratulations upon your election to the Presidency of the French Republic.

January 11, 1954

I am confident that, during your term in office, France, true to her tradition, will provide inspiration and leadership to our common efforts to advance the cause of peace, well-being and human dignity for the peoples of the world.

Mindszenty Case Remains Before World's Conscience

The following message from Secretary Dulles to the Reverend John Gaspar, St. Stephen's Church, Passaic, N. J., was read at a meeting of religious, anti-Communist, and Hungarian organizations held in New York, N. Y., on December 27 to commemorate the fifth anniversary of the imprisonment of Cardinal Mindszenty:¹

I am very glad to have the opportunity of addressing a brief message to the assembly of persons meeting in observance of the fifth anniversary of the imprisonment of Cardinal Joseph Mindszenty of Hungary.

It is fitting and proper that a large body of our citizens and their friends from abroad, representing all religious denominations and commonly cherishing freedom, should gather to commemorate the living martyrdom of this courageous man.

The case of Cardinal Mindszenty, a defender of the faith and of human freedom against both of the great tyrannies of our time, is not closed. It is actively before the conscience of his countrymen and that of free people throughout the world. The prolongation of his unjust incarceration adds daily to the moral poverty of his captors.

U. S. Bans Publications of Rumanian Legation

Press release 680 dated December 31

In a note delivered to the Rumanian Legation on December 31, the Department of State notified the Legation to cease forthwith the publication and distribution within the United States of *The Romanian News*, a periodical issued by the Legation. At the same time, the Department directed the Legation to stop the distribution of other similar pamphlets published at the expense of the Rumanian Government or its organs.

This step was taken as a result of the action of the Rumanian Government in banning the further distribution in Rumania of a publication issued by our Legation in Bucharest entitled *Stir din America* (*News From America*). On December 29, our Minister to Rumania, Harold Shantz, was notified

¹ For earlier statements regarding the trial of Cardinal Mindszenty, see BULLETIN of Feb. 20, 1949, p. 230.

by the Foreign Office that our Legation must cease the distribution of the American publication. This publication was a small monthly bulletin which sought to give its readers an accurate picture of American life and thought. The first issue appeared in October of this year; its circulation was approximately 1,600 copies.

The text of the U.S. note is as follows:

The Secretary of State presents his compliments to the Honorable the Minister of Rumania and has the honor to refer to the dissemination of publications within the United States at the instance of the Rumanian Lega-

tion. Special reference is made to the periodical bulletin entitled, *The Romanian News*.

As the Legation is doubtless aware, the Rumanian Government has requested the American Legation at Bucharest to cease further distribution in Rumania of a periodical issued by that Legation entitled *News From America*.

Accordingly, the Department of State requests the Rumanian Legation to cease forthwith the publication and distribution in the United States of *The Romanian News*. The distribution in the United States by the Rumanian Legation of other similar pamphlets published at the expense of the Rumanian Government or its organs should also be terminated.

Mutual Economic Progress in the Americas

by John M. Cabot

Assistant Secretary for Inter-American Affairs¹

How much news regarding our sister American nations does the public in the United States read? And what kind of news?

If in recent years we have paid much more attention to problems in the Old World than to those of Latin America, our relations with our sister republics of this hemisphere are none the less vital to us. Since the Monroe Doctrine was first enunciated, we have considered it the most fundamental principle underlying our national security that no predatory foreign power establish its sway in any part of this hemisphere. In this shrunken world we live in, and in view of the astonishing growth and development of our sister republics, what was essential to us in 1823 is certainly no less essential today.

Already the voices of our sister republics speak with increasing authority in world councils and contribute vitally to the moral forces which Western civilization is mustering to maintain peace and security in the face of the Communist menace. With Brazil already surpassing the Latin nations of the Old World and the New in population as well as area, with Argentina, Mexico, Venezuela, and our other sister republics developing so fast that one can scarce credit one's eyes, the growing stature of our sister republics is bound to be an increasingly significant factor in world affairs.

If only in obvious self-interest, we must strive to keep it as friendly a factor in the future as it has been in the past.

Our economic relations are no less important. Our \$7 billion of trade with our sister republics is greater than our commercial trade with Europe or any other part of the world. Our \$6 billion of investments in Latin America surpass those in any other single area except Canada. From Latin America we get most of our coffee and foreign-produced sugar and many other products such as bananas, cacao, wool, and tobacco; we also get many materials which we needed for our victory in World War II, such as copper, tin, lead, zinc, oil, and vanadium, and which, with the steady depletion of our own national resources, we are likely to need even more exigently in the future. In Latin American markets we sell some \$3½ billion of our products annually.

The interplay of our cultures enriches our lives throughout the hemisphere. We on the balance have made liberal exports not only of the autos, movies, and bathtubs with which our culture is so often disdainfully associated but also of political ideas, books, education, science, medicine. In return, we have received painting, architecture, exotic dishes, dances, and the cultural stimulus which comes from so rich, varied, and different cultures in lands so close to us. When you travel to Mexico or the Caribbean to get away from it all (probably carrying a fat briefcase with you) most of you aren't thinking alone of warm sunshine, ma-

¹ Address made before the Export-Import Club of the Columbus Chamber of Commerce, Columbus, Ohio, on Dec. 16 (press release 662).

jestic scenery, and nightclubs; consciously or unconsciously you are thinking also of the colorful civilizations of the lands you are visiting. May I add that, as traveling ambassadors, I hope you see to it that you are good ones.

I shall not dilate further on the basic importance of Latin America to us. Everyone in the United States is aware of it; everyone wants friendly relations with our sister republics. The difficulty is that, like the sky, sea, and air of a beautiful day, we are at times not as inclined as we should be to think about it and appreciate it. Just because we don't have to argue about it, let us nonetheless never forget it.

For from the moment you drink your morning coffee—blended Brazilian and Colombian or other milds—till your wife opens for supper a can coated with tin from Bolivia, Latin America is always with you. If you don't sleep in a brass bed made from copper from Chile, the oil to produce the electricity for your home may come from Venezuela, the lead for your automobile battery from Mexico, the sugar for your cereal from Cuba, your bananas from Costa Rica, and that nice rum in the cocktails before dinner from Haiti. The soft scarf you're wearing may well have some alpaca wool from Peru, and quite possibly your suit some Uruguayan wool. On these cold, dark winter mornings you may step out of bed onto a carpet made of Argentine wool. And your child may take with his school lunch a chocolate bar made of Ecuadoran cacao.

Dependence on Latin American Products

And do not forget that your job may depend on these and other imports from Latin America. Antimony isn't a very large import in value—only some \$3.2 million in 1952—but we imported nearly 80 percent of it in that year from Latin America and it is a vital defense item. The manganese ore we get from our sister republics—some 2.2 million pounds in 1952—may not be large in value, but remember that we can't make steel without manganese.

In short, your well-being here in Ohio depends very significantly on our relations with Latin America. Without it, many of your great factories would be crippled. If you could get many materials at all, it would be only at sharply higher prices. Your breakfast table without coffee and sugar would be dreary indeed, but how would you like your boy to have to fight without the arms made with Latin American materials?

Let us glance at our relations with Latin America on an individual basis, for, after all, our relations with our sister republics are determined by the 160 million individuals in the United States and the roughly equal number in Latin America. The western wool grower, to take a specific example, is in competition with the Uruguayan wool grower. Though existing duties add to the cost of

the suits you and I are wearing, the domestic wool grower naturally enough from his viewpoint wants more protection. Perhaps he is just facing cut profits, but perhaps he is facing real loss—the need for getting out of an unprofitable business.

Now, no one likes to see that domestic wool grower hurt. We must nonetheless remember that we did not grow into the greatest economic power on earth by preserving high-cost production. Within the United States no protection is possible against more efficient production in other sections of the country. In New England our economy has had to go through four stages since colonial times. It is our proud boast that we have no natural resources except rocks and ice—and that we exported them both! Modern technology has stricken even these items from our export list. Today the textile era in New England is following the farming and shipping eras into history—but New England is still prosperous.

Surely this example—which has brought loss and misery to quite a few individuals yet healthy growth to New England as a whole—nevertheless has a lesson for the country. The New England farmer, textile worker, and investor may have suffered temporarily, but the country at large has cheaper and more abundant food and clothing. Moreover, within our great economy it is possible to adapt oneself to changing conditions.

But let us look at the position of the Uruguayan wool grower. His is a democratic country—a staunch friend in two world wars and in many ideological battles; but it is a small country whose obvious natural resources are largely agricultural as in New England, and it does not have the advantage of great domestic markets. The national economy is built on wool—which constitutes about 50 percent of Uruguayan exports. If we do not raise the tariff on wool, it may be tough for the domestic wool grower. If we do, it may be tough not only on the Uruguayan wool grower as an individual; it may be disastrous for Uruguay as a nation. It may also decrease sales in Uruguay of auto tires and jeeps and steel and cash registers and electrical goods and a lot of other things made in Ohio. A protective tariff may shield individual domestic producers from hurt; but it will do this only at the hurt of other domestic producers. If we cut off imports of Uruguayan wool or Chilean copper or Venezuelan oil or Bolivian tin or Mexican lead or Cuban sugar or Peruvian tuna, we shall simply reduce their purchases from us by the same amount. They can buy from us only what they sell to us.

Let us turn to the Bolivian tin miner. His job notably contributes to your wife's convenience when she prepares your supper; it also contributes an element essential to war production, for example of engine bearings. Twice in the past 15 years he has been asked to produce a vital ingredient to keep the free world free. As virtually the

only secure source of tin for half the world, the price of tin from Bolivia then soared to fantastic heights despite our efforts to control it; and since goods of all sorts were simultaneously scarce, this stimulated inflation in Bolivia. Having bought tin furiously during the crises, we stopped buying once they were over, and tin dropped as precipitously in price as it had risen.

With the national economy dependent on tin, even the wisdom of Solomon would not suffice to direct Bolivian economic affairs under such circumstances. If the Bolivians forget that we also controlled the prices of products we sold them, that the dollar saved by our citizens—and the one borrowed by Bolivia—sank as much in purchasing power as the dollar Bolivia saved from tin sales during the crises, we should emphatically not forget the impression it makes, in terms of hard economics as well as psychology, when we beg the Bolivians to produce all the tin they can at one moment and at the next won't buy it at any price. I shall leave the intricacies of price stabilization and the controversy regarding expropriation to the competent international forums, but I do want to say that, regardless of rights or wrongs, I do not think we should permit people in Bolivia to go hungry, and I think we would be very unwise to drive the unpent social forces in Bolivia into the gently smiling jaws of communism.

We should remember that the story of the Bolivian tin miner could be told almost equally well of the lead and zinc miners in Peru and Mexico, countries moreover with which we have particularly friendly relations. If the impact of great fluctuations in the prices of those metals has been less severe on those countries, it has been because their economies are more diversified and their governments have shown much statesmanship in handling national economic affairs. The story might also be told of the Chilean copper miners—which brings us to another story.

In Santiago de Chile an American utility company has until recently been unable to obtain from the Chilean authorities rates which would permit it to earn a fair return on their investment. Santiago is a rapidly developing city, and its demands for electricity are growing by leaps and bounds. If that demand is to be met, new capital must be obtained. It cannot be obtained from earnings if earnings are insufficient; and it cannot be obtained from investors if they do not think the company is a good investment. The Chilean may feel inadequate electric rates not only in dim lights and a quavering radio; it may rob him of his job when there isn't enough power to run the factory.

But, the Chilean will naturally think, this is a rich and greedy foreign monopoly which is trying to rob me. Remember that his income is only about one-eighth of that of an American and that his family budget has been just as hard hit by the chronic inflation in Chile as has that of the utility company. He thinks of the company as big,

wealthy, and foreign; he forgets that it is owned by thousands of American stockholders who like him are trying to raise families on painfully tight budgets. If the Chilean is not altogether fair, let us remember that John Q. Public in the United States too has not always been fair in his views regarding business. If American companies have not always been fairly treated in Latin America let us remember that, as in the United States, they have not always acted fairly.

The record of American business in Latin America has been increasingly good. Upon the respective Latin American governments, rather than ours, devolves the responsibility of seeing that any remaining abuses are checked and that business in their countries is conducted in the national interest. Today I believe that it is a fact that foreign business in Latin America is more sinned against than sinning; that in some sectors several Latin American governments have gone so far in harassment and restrictive measures as to discourage the further foreign investment which is so essential to their national development. I am not referring to crass confiscation under Communist inspiration; I refer to the multiple, onerous economic controls which, in Dr. Milton Eisenhower's words, spell creeping expropriation.

Latin American voices to which we listen with the highest respect in the United States have suggested recently that they do not favor further American investments in their respective countries. Let me make it unmistakably clear that the Government of the United States is not trying to force American investments on any country which does not wish to receive them. We consider that a country's policies in regard to new foreign investment are for its sole determination in accordance with its conception of the national interests.

Fair Treatment of Investments

We do expect fair treatment of our investments already made in good faith. We feel it proper to make representations on their behalf if they have been denied a remedy or suffered discrimination under national law or if valid contracts with governments have been unilaterally breached and justice denied. Obviously our policy in inter-American relations does not place the protection of our private investments at the top of our objectives—our national security, for example, takes precedence—but it is an important objective and duty. We believe it should be an even more important objective of our sister republics, given their present stage of development, to cultivate a reputation of treating foreign capital fairly. A reputation is acquired over the years—and can be destroyed in a day.

No one, for example, raises an eyebrow when a government buys out a foreign company by mutual agreement, but a country may do itself great dis-

service by a unilateral expropriation. The sovereign right of a nation to expropriate foreign property in its jurisdiction cannot be questioned—but we do insist on prompt, adequate, and just compensation. By the same token, any nation has the undeniable sovereign right to declare war on any other nation if it so chooses, but it would scarcely be argued that the exercise of such a sovereign right would entail no international responsibilities. In other words, the question of the treatment of foreign capital is not essentially one of right, and it should not be considered in terms of absolutes; it is a question of what is fair, what is wise, what is practical, what is in the national interest, what will preserve the international comity.

It has been suggested that there is no capital in the United States which would seek investment abroad. How then explain the outflow of direct capital investments to Latin America of some \$1.7 billion between 1946 and 1952? How explain that our citizens made a net direct investment of over \$1 billion in Canada in the same span of years, not to mention portfolio investments?

It has been suggested that foreign capital milks a country economically, leaving nothing for the people. How then explain that some 70 percent of Chilean, some 97 percent of Venezuelan and at least 55 percent of Costa Rican exports are produced by foreign companies? Without those exports what would become of those countries? And can there be any really clear cases cited where American companies have paid lower than prevailing wages, or provided poorer than standard working conditions? Obviously they couldn't get workmen if they did; obviously the fact that they do improves wages and working conditions.

It has been suggested that foreign capital tends to dominate a country's political life. At the present time there are American investments in Canada of some \$8 billion—considerably larger than our investments in all Latin America, though the population of Canada is less than one-tenth that of Latin America. Our good neighbors to the north would deeply resent and know to be untrue any suggestion that our investments influence their political life.

Is it altogether an accident that, while some \$25 billion of foreign and domestic capital were being invested in Canada in the years 1946 to 1952, per capita income in the period 1939-52 tripled in terms of dollars and rose 60 percent in terms of goods, even though the average work week was dropping from 48 to 43 hours? Is it without significance that Canada's oil production, largely developed by foreign capital, rose from 21,000 barrels daily in 1947 to 169,000 barrels in 1952 and that in four years Canada thereby saved \$300 million in foreign exchange?

Canada has wisely used native capital to the greatest feasible extent but has not hesitated to use foreign capital when this was convenient. The

new capital, native and foreign, invested in Canada has helped the Canadian workman to rival the American's standard of living. May I add, for people in the United States who think that the development of foreign countries will hurt our foreign trade, that Canada's foreign trade in this extraordinary period of internal development has risen by five times!

Finally, it is to be noted that Canada has had to grant no special privileges to foreign capital. Capital has flowed in because over the years and decades it has learned to count on fair treatment. That this has not been without its advantages for Canada is suggested by the fact that the interest rate on government bonds averages about 3 percent as against 8-10 percent in most of Latin America. That extra return is primarily the cost Latin America pays because of the added risks which foreign capital must face there.

In short, we can and should do several things to help our sister republics in the economic sphere; but for the most part their economic future rests in their own hands.

If some of our Latin American friends say that Canada is a special case, I would invite their attention to Puerto Rico. Here is a tiny land, increasingly overpopulated, lacking in natural resources and the elements for heavy industry. Despite a long-standing law limiting landownership to 500 acres, sugar companies formerly controlled vastly greater acreages. The sugar companies were forced to divest themselves of their large landholdings—but they always obtained just compensation.

A wise and energetic government has attracted some 1,388 industries to the island in the past 12 years; and the per capita income has trebled to \$400 per year, higher than that in most Latin American republics. Puerto Rico proudly considers itself a bridge between North and Latin America; and certainly its economic experiences might be studied advantageously by nations with such similar problems. Its example has shown what even a naturally handicapped economy can do by prudent policies to raise living standards and is being increasingly studied in other countries.

Communist Attack on Capital

We must never forget that the Communists attack capital in Latin America—and particularly foreign capital—because, on the one hand, it is a subject which lends itself to their false propaganda and, on the other, they recognize that capital, by promoting national development and raising living standards, is a potent enemy of their agitation. There can be individual conflicts between capital and labor, between foreign companies and national interests, but in general cooperation and fair play between government, capital, and labor are necessary to the interests of each of them.

Let us think of that labor—or rather that Latin American laborer employed by a U. S. company. He is probably not well educated, and he is desperately poor. He may well have imbibed with his mother's milk a sense of oppression and exploitation—and a consequent suspicion of foreigners. He can see that the foreign company employing him has great resources, else how could it do what it does? Why should the foreign managers live so much better than he?

Now, you and I of course know the answers. The great resources are the pooled savings of thousands of investors. Foreign capital will in its own interest employ natives of the country to the full extent they are available, but it will wish to employ its own representatives in key jobs, and it will have to bring in trained employees for specialized jobs it cannot for the moment fill locally—and those people will obviously have to be paid at United States, not local, rates. As for labor organization, United States companies increasingly recognize that responsible organized labor is a stabilizing force with which it is to their self-interest to cooperate, and many American managers are likely to remember instinctively in Latin America the more advanced labor relations practices they learned in the United States. It is not, however, the role of American companies to reform foreign lands; it is their elementary duty to respect the laws and authorities in countries in which they operate.

Let us think equally of the Latin American intellectual who is troubled by the economic influence of the United States in his country. He sees irreplaceable natural resources—oil, copper, zinc, lead, iron ore—being extracted by foreign companies. The companies doing this often are more important proportionately in his country than our greatest corporations are in the United States. As the internal economy of his country may depend in important measure on United States companies, so its economic prosperity may depend on the market for its exports in the United States. He naturally resents the booms and busts of his national economy which arise from relatively small economic fluctuations in the United States, and he deeply resents the occasions on which we try, by protecting domestic producers, to export our misery and thereby add to his. Everywhere he turns in seeking to raise living standards—and remember, per capita income in Latin America is but one-eighth of ours—he encounters some economic interest of ours, and it is not surprising if he mistakenly thinks it is blocking his way.

It does not occur to him that natural resources are worth nothing till developed, that, for example, the Guayra Falls, probably the greatest potential source of hydraulic power in the world, beside which Niagara is only a leaky faucet, will be of value only when capital is used to develop it—

and they are so remote that we may be using atomic power plants first. He may equally forget what living standards in his country would be if foreign capital had not come to it, or how much higher they would be if his government's policies had been wiser. He forgets that Henry Ford made good profits and certainly did the United States no harm.

Need for Reciprocal Understanding

In short, our problems in our inter-American relations are largely economic, and they largely boil down to the question of how we are going to cooperate in the economic sphere to our mutual benefit. The first requisite of such cooperation is reciprocal understanding. We must understand what our trade policy, our loan policy, our other economic policies mean to them, and that what is a trifle to us may spell disaster to them. In turn, our sister republics should appreciate the immense burdens which world leadership has placed on our shoulders and should realize that the treatment they give to foreign capital is far more important to them than it is to the United States. We have learned in the United States that capital and labor can work together to their mutual profit; we must not be deterred either by selfishness or misguided agitation from working together with our sister republics in the economic field for our mutual benefit. Our sister republics will follow our leadership in world affairs only if they think it to their national advantage. As to the possibilities of going it alone, I think of Secretary Dulles' wise words in this regard. I trust that through shortsightedness we shall never be compelled to defend our national existence along our national frontiers.

That is the meaning of our relations with our sister republics. We do not believe that our concerns end at the Rio Grande. We know that through our continental solidarity we were spared throughout this hemisphere the devastation of World War II, and we firmly believe that holds a lesson for the future. We seek so to order our hemispheric relations that we shall enrich ourselves and our good neighbors, spiritually and materially, by living with them in this hemisphere in understanding and harmony. If we were to heed the voices of selfishness, or to let Communist agitation corrode our common sense, we could easily destroy our future and ourselves. But I am confident that the Americas will not follow any such shortsighted path. The Americas are visibly on the march toward a better, brighter future, and we must go forward together in attaining it. Destiny has thrust upon this new world—this American Continent—a vital role in the future of mankind. The future history of the world will be increasingly written in the 21 sister republics of the Americas. May it be not only the story of understanding and cooperation for the benefit

of our children's children but also an example which will help to bring peace on earth, good will to men—everywhere!

Commemoration of Haiti's 150 Years of Independence

Press release 682 dated December 31

The following messages from the President and Secretary Dulles were sent to the President and the Secretary of State for Foreign Affairs and Education of Haiti, respectively, in commemoration of the sesquicentennial of Haitian independence:

DECEMBER 28, 1953

DEAR MR. PRESIDENT:

On the historic occasion of the one hundred and fiftieth anniversary of your country's independence on January first, I take pleasure in extending to the Government and people of Haiti the greetings and best wishes of the Government and people of the United States.

That devotion to freedom which impelled Haiti to achieve independence in 1804 had been demonstrated a few years earlier in our own Revolutionary War by generous Haitian support at Savannah and Yorktown. The spirit then exemplified, continuing through the generations, is symbolic of the friendship which is an enduring bond between our peoples.

Sincerely,

DWIGHT D. EISENHOWER

His Excellency

General PAUL E. MAGLOIRE,
*President of the Republic of Haiti,
Port-au-Prince.*

DECEMBER 31, 1953

His Excellency

PIERRE L. LIAUTAUD,
*Secretary of State for Foreign
Affairs and Education,
Port-au-Prince.*

My heartiest good wishes for the Government and people of Haiti on this sesquicentennial of your country's independence.

JOHN FOSTER DULLES

Extension of Migrant Labor Agreement With Mexico

Press release 681 dated December 31

The migrant labor agreement between the United States and Mexico under which Mexican

agricultural workers are admitted into the United States for employment as farm laborers, which was to expire on December 31, has been extended to January 15, 1954, by an exchange of notes between the Mexican Embassy in Washington and the Department of State.

During the past two months the American Ambassador to Mexico, Francis White, has conducted negotiations with the Mexican Government for the purpose of obtaining clarification of several questions which have arisen under the present agreement. The holiday season caused suspension of these negotiations before it was possible for the two Governments to agree on certain major issues.

In order to avoid any interruption in the cooperative arrangements which have existed between the two Governments on this subject, the agreement has been extended for a period of time sufficient to permit conclusion of the negotiations now under way.

Tariff Arrangement With Uruguay

WHITE HOUSE ANNOUNCEMENT

White House press release dated December 24

The President on December 24 issued a proclamation giving effect as of December 16, 1953, to certain U.S. tariff concessions initially negotiated with Uruguay in 1949 within the framework of the General Agreement on Tariffs and Trade. These concessions had been withheld pending Uruguay's accession to the agreement. Because of the lapse of time since 1949 and the serious problems which have arisen in the cattle and beef industry in this country, the President is not in this proclamation making effective the duty reductions provided for in the 1949 agreement with respect to canned beef, pickled and cured beef and veal, and meat extract, but is binding the present rates of duty on these items against increase. The U.S. Government has initiated discussions with the Uruguayan Government regarding these concessions. A copy of the proclamation is attached.

The President's action followed Uruguay's signature on November 16, 1953, of the Annecy and Torquay Protocols to the General Agreement on Tariffs and Trade, making Uruguay a party to the agreement on December 16, 1953. These protocols provide that, on this date, Uruguay will give effect to the concessions which it negotiated at Annecy, France, in 1949, as modified and supplemented by negotiations at Torquay, England, in 1950-51, and that the other contracting parties to the agreement will also give effect to any concessions negotiated with Uruguay that may

January 11, 1954

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have been withheld pending Uruguay's signature.

In addition to an undertaking by Uruguay not to impose duties higher than those specified for a number of products of interest to U.S. exporters, the agreement provides for the making of adjustments by Uruguay in fixed official valuations ("aforos") which Uruguay uses as a basis for assessing "ad valorem" rates of duty. Such adjustments are to be brought about without any increase in the resulting incidence of duties as compared with the incidence at the time the concessions were negotiated.

Among the U.S. concessions initially negotiated with Uruguay which were withheld pending Uruguay's signature are the following to which effect is given as of December 16, 1953. The duty on cattle hides, now 5 percent ad valorem, will be reduced to 4 percent ad valorem. Binding of the existing duty becomes effective on casein. Existing duty-free status of the following becomes bound against change: unmanufactured agates, dried blood; crude bones; bones, ground, ash, dust, meal, and flour; animal carbon for fertilizer; and tankage, unfit for human consumption.

TEXT OF PROCLAMATION 3040¹

1. WHEREAS, pursuant to the authority vested in the President by the Constitution and the statutes, including section 350 of the Tariff Act of 1930 as amended by section 1 of the act of June 12, 1934, by the joint resolution approved June 7, 1943, by sections 2 and 3 of the act of July 5, 1945 (ch. 474, 48 Stat. 943, ch. 118, 57 Stat. 125, ch. 269, 59 Stat. 410 and 411), and by sections 4 and 6 of the Trade Agreements Extension Act of 1949 (ch. 585, 63 Stat. 698), the period for the exercise of the said authority having been extended by section 3 of the Trade Agreements Extension Act of 1949 until the expiration of three years from June 12, 1948, on October 10, 1949 he entered into a trade agreement providing for the accession to the General Agreement on Tariffs and Trade (61 Stat. (pts. 5 and 6) A7, A11 and A2051) of the Governments of the Kingdom of Denmark, the Dominican Republic, the Republic of Finland, the Kingdom of Greece, the Republic of Haiti, the Republic of Italy, the Republic of Liberia, the Republic of Nicaragua, the Kingdom of Sweden, and the Oriental Republic of Uruguay, which trade agreement for accession consists of the Annex Protocol of Terms of Accession to the General Agreement on Tariffs and Trade, dated October 10, 1949, including the annexes thereto (64 Stat. (pt. 3) B139);

2. WHEREAS, by Proclamation 2867 of December 22, 1949 (64 Stat. (pt. 2) A380), the President proclaimed such modifications of existing duties and the other import restrictions of the United States of America and such continuance of existing customs or excise treatment of articles imported into the United States of America as were then found to be required or appropriate to carry out the said trade agreement for accession on and after January 1, 1950, which proclamation has been supplemented by Proclamation No. 2874 of March 1, 1950, Proclamation No. 2884 of April 27, 1950, and Proclamation No. 2888 of May 13, 1950 (64 Stat. (pt. 2) A390, A399, and A405).

3. WHEREAS, pursuant to the authority vested in the

President by the Constitution and the statutes, including section 350 of the Tariff Act of 1930 as amended by the acts specified in the first recital of this proclamation except the Trade Agreements Extension Act of 1949, the period for the exercise of the authority under the said section 350 having been extended by section 1 of the said Act of July 5, 1945 (ch. 269, 59 Stat. 410), until the expiration of three years from June 12, 1945, on October 30, 1947 he entered into an exclusive trade agreement with the Government of the Republic of Cuba (61 Stat. (pt. 4) 3639), which exclusive trade agreement includes certain portions of other documents made a part thereof and provides for the customs treatment in respect of ordinary customs duties of products of the Republic of Cuba imported into the United States of America:

4. WHEREAS, by Proclamation No. 2764 of January 1, 1948 (62 Stat. (pt. 2) 1465), the President proclaimed such modifications of existing duties and other import restrictions of the United States of America in respect of products of the Republic of Cuba and such continuance of existing customs and excise treatment of products of the Republic of Cuba imported into the United States of America as were then found to be required or appropriate to carry out the said exclusive trade agreement on and after January 1, 1948, which proclamation has been supplemented by the proclamations referred to in the fourth recital of the said proclamation of December 22, 1949 specified in the second recital of this proclamation, and by the said proclamations of December 22, 1949, March 1, 1950, April 27, 1950 and May 13, 1950, specified in the second recital of this proclamation;

5. WHEREAS the trade agreement for accession specified in the first recital of this proclamation, the date for the signature of which by the Government of the Oriental Republic of Uruguay was extended until December 31, 1953, has been signed by the said Government under such circumstances that it will enter into force for such Government, and such Government will become a contracting party to the said general agreement, on December 16, 1953;

6. WHEREAS I determine that the application of each of the concessions provided for in Part I of Schedule XX in Annex A of the said trade agreement for accession which were withheld from application in accordance with paragraph 4 of the said trade agreement for accession by the said proclamation of December 22, 1949, as are identified in the following list is required or appropriate to carry out, on and after December 16, 1953, the said trade agreement for accession:

Item (paragraph)	Rates of duty
19-----	2 $\frac{3}{4}$ ¢ per lb.
1530 (a)-----	4% ad val.
1603-----	Free
1625-----	Free
1627-----	Free
1780-----	Free;

7. WHEREAS serious problems which have developed in the cattle and beef situation in the United States since negotiation of the said trade agreement for accession render inappropriate the application to the products specified in items 705 and 706 in Part I of Schedule XX in Annex A of the said trade agreement for accession of rates of duty lower than those now applicable thereto;

8. WHEREAS I determine that, in view of the circumstances set forth in the seventh recital of this proclamation, it is required or appropriate, in order to carry out the said trade agreement for accession as fully as possible while such circumstances exist, that the provisions of Items 705 and 706 in Part I of Schedule XX in Annex A of the said trade agreement for accession, which were withheld from application in accordance with paragraph 4 of the said trade agreement for accession by the said proclamation of December 22, 1949, be applied as though they were stated as follows:

¹ 18 Fed. Reg. 8815.

	Description of products	Rate of duty
705	Extract of meat, including fluid.	7½¢ per lb.
706	Meats, prepared or preserved, not specially provided for (except meat pastes, other than liver pastes, packed in air-tight containers weighing with their contents not more than 3 ounces each):	
	Beef packed in air-tight containers.	3¢ per lb., but not less than 20% ad val.
	Other.....	3¢ per lb., but not less than 20% ad val.;

9. WHEREAS I determine that, in view of the determination set forth in the sixth recital of this proclamation, the deletion of Item 1530 (a) from the list set forth in the ninth recital of the said proclamation of January 1, 1948, as amended and rectified, is required or appropriate to carry out, on and after December 16, 1953, the said exclusive trade agreement specified in the third recital of this proclamation:

NOW, THEREFORE, I, DWIGHT D. EISENHOWER, President of the United States of America, acting under and by virtue of the authority vested in me by the Constitution and the statutes, including the said section 550 of the Tariff Act of 1930, as amended, do proclaim as follows:

PART I

To the end that the said trade agreement for accession specified in the first recital of this proclamation may be carried out as fully as possible, the identification of each of the concessions provided for in Part I of the said Schedule XX in Annex A which is specified in the sixth or eighth recital of this proclamation shall, on and after December 16, 1953, be included in the list set forth in the ninth recital of the said proclamation of December 22, 1949, as supplemented; *Provided*, That, unless and until the President proclaims that the circumstances set forth in the seventh recital of this proclamation no longer exist, the provisions of Items 705 and 706 in the said Part I shall be applied as though they were stated in the manner set forth in the eighth recital of this proclamation.

PART II

To the end that the said exclusive trade agreement specified in the third recital of this proclamation may be carried out, the list set forth in the ninth recital of the said proclamation of January 1, 1948, as amended and rectified, shall, on and after December 16, 1953, be further amended by deleting therefrom Item 1530 (a) referred to in the ninth recital of this proclamation.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Seal of the United States of America to be affixed.

DONE at the City of Washington this twenty-fourth day of December in the year of our Lord
[SEAL] nineteen hundred and fifty-three, and of the Independence of the United States of America the one hundred and seventy-eighth.



By the President:

JOHN FOSTER DULLES

Secretary of State.

Agreement Providing for Wheat Shipments to Jordan

Following is the text of an agreement between the United States and Jordan, announced by the Department on October 30, 1953 (press release 600), providing for the furnishing by the United States of up to 10,000 tons of wheat to combat suffering resulting from famine conditions among the people of Jordan. The grant was made in response to a request from the Government of Jordan for assistance when the spring rains in Jordan were small and late and disastrous crop failure resulted. The aid is provided under the famine relief act, Public Law 216 of the 83d Congress, which authorizes the President to transfer agricultural commodities from the stocks of the Commodity Credit Corporation to meet famine or other urgent relief requirements of friendly peoples. President Eisenhower granted the aid on September 2; his action constituted the first application of Public Law 216. The Foreign Operations Administration was designated to carry out the operation.

United States Note

AMERICAN EMBASSY,
Amman, October 14, 1953.

No. 59

EXCELLENCE:

I have the honor to refer to the request of the Government of the Hashemite Kingdom of Jordan to the Government of the United States of America for assistance in combatting starvation and suffering resulting from famine conditions among the people of Jordan as a consequence of the disastrous crop season just past. The Government of the United States of America, recognizing the burden undertaken by the Government of the Hashemite Kingdom of Jordan in seeking to relieve the suffering of its people, agrees to assist the Government of the Hashemite Kingdom of Jordan in this enterprise.

It is therefore proposed that:

1. The Government of the United States of America will, subject to the terms and conditions of the United States legislation applicable to such assistance and to the terms and conditions set forth below, furnish to the Government of the Hashemite Kingdom of Jordan up to 10,000 tons of wheat in the form of a grant in order to alleviate starvation and mass suffering threatened by famine conditions in Jordan. The Government of the Hashemite Kingdom of Jordan shall accept title to the wheat upon delivery of wheat on board vessel and shall be responsible for all costs accruing thereafter (other than the payment of freight to the initial destination in Jordan).

2. In order to ensure maximum benefits to the people of Jordan from the assistance to be furnished hereunder, the Government of the Hashemite Kingdom of Jordan undertakes to:

(a) Prepare, in consultation with representatives of the Government of the United States of America, a plan for the distribution of the wheat made available under this Agreement among the people of Jordan and for the distribution of such wheat and products thereof (i) free of cost to persons who by virtue of circumstances beyond their control are unable to pay for them and (ii) to others at lowest feasible prices, as agreed upon, from time to time, by the two Governments.

(b) Include in such plan, to the maximum extent feasible, a system of public works projects which the two Governments determine to be desirable and practicable in order that both the country of Jordan and the persons receiving assistance will receive maximum benefits.

(c) Pursue all appropriate measures to reduce its relief needs, to increase production and supply, and to improve the distribution of foodstuffs within Jordan in order to lessen the danger of similar emergencies in the future.

(d) Carry out the plan agreed upon, with such modifications as may from time to time be mutually agreed to be necessary to achieve the famine relief objective.

3. In order to further the public works projects referred to above and to enhance the value to Jordan of the assistance program, the Government of the Hashemite Kingdom of Jordan will establish in its own name a Special Account in a bank in Jordan agreed upon by the two Governments (hereinafter called the "Special Account"), and will deposit in this account promptly amounts of local currency accruing, after deducting the transportation expenses and handling costs to the Government of the Hashemite Kingdom of Jordan, from the sale of wheat supplied under this Agreement, or revenues otherwise accruing to the Government of the Hashemite Kingdom of Jordan as a result of the import of such wheat. The Government of the Hashemite Kingdom of Jordan may at any time make advance deposits in the Special Account.

4. The Government of the Hashemite Kingdom of Jordan may draw from the Special Account such amounts as may be agreed upon by the Government of the United States of America and the Government of the Hashemite Kingdom of Jordan to defray the expenses of public works projects and other activities for the benefit of the people of Jordan agreed upon by the two Governments.

5. The Governments will, upon the request of either of them, consult regarding any matter relating to the application of this Agreement or to operations thereunder. The Government of the Hashemite Kingdom of Jordan will provide such information as may be necessary to carry out the provisions of this Agreement, including statements on the use of assistance received hereunder and other relevant information which the Government of the United States of America may need to determine the nature and scope of its operations under this Agreement and to evaluate the effectiveness of the assistance furnished or contemplated.

6. It is assumed that the Government of the Hashemite Kingdom of Jordan will give full and continuous publicity in Jordan to the objectives and progress of the program under this Agreement, including information to the people of Jordan that this program is evidence of the friendship of the people of the United States of America for them. The Government of the Hashemite Kingdom of Jordan will make public, upon termination of this program and at least once each quarter during the course of its operation, full statements of operations hereunder, including information as to the use of assistance received and use of the local currency deposited in the Special Account.

7. The Government of the Hashemite Kingdom of Jordan agrees to permit representatives of the Government of the United States of America to observe, without restriction, the distribution in Jordan of wheat made available hereunder, including the provision of facilities necessary for observation and review of the administration of this Agreement and the use of assistance furnished, and to receive any additional persons who may be necessary for the purpose. Upon appropriate notification from the Government of the United States of America, the Government of the Hashemite Kingdom of Jordan will consider such persons as part of the Diplomatic Mission of the United States of America to the Hashemite Kingdom of Jordan for the purpose of enjoying the privileges and immunities accorded to that Mission and its personnel of comparable rank.

8. All or any part of the assistance provided hereunder may be terminated by the Government of the United States of America if it is determined that, because of changed conditions, continuation of assistance is unnecessary or undesirable. Termination of assistance under this provision may include the termination of deliveries of all wheat scheduled hereunder and not yet delivered.

Upon receipt of a note from Your Excellency indicating that the provisions set forth in this note are acceptable to the Government of the Hashemite Kingdom of Jordan, the Government of the United States of America will consider that this note and your Excellency's reply thereto constitute an Agreement between the two Governments. Such Agreement shall enter into force on the date of Your Excellency's note in reply.

Please accept, Excellency, the renewed assurances of my highest consideration.

ANDREW G. LYNCH

His Excellency

DR. HUSSEIN KHALIDI,
*Minister of Foreign Affairs,
The Hashemite Kingdom of Jordan,
Amman, Jordan.*

Jordan Note

21st October 1953.

EXCELLENCY,

I have the honour to refer to your note No. 59, dated October 14, 1953 regarding the request of the Government of the Hashemite Kingdom of Jordan to the Government of the United States of America for Assistance in combating starvation and suffering resulting from famine conditions among the people of Jordan as a consequence of the disastrous crop season just past and to inform you that the Jordan Government accept the provisions set forth in your above mentioned note.

*Minister for Foreign Affairs
H. F. KHALIDI*

H. E. MR. ANDREW G. LYNCH,
*The Charge d' Affaires of U. S. A.,
Amman.*

Limitation Placed on Oats Imports

White House press release dated December 27

The President on December 26 signed a proclamation limiting imports of oats into the United States from sources other than Canada to 2,500,000 bushels during the period December 23, 1953, to September 30, 1954.

The President acted on the basis of the recent report on oats by the United States Tariff Commission, made under section 22 of the Agricultural Adjustment Act, as amended, which provides for limitations on imports when those imports are interfering with or threaten to interfere with domestic price support or marketing programs.

Imports of oats from Canada had already been made subject to effective limitation pursuant to a decision by the Canadian Government to limit shipments of oats to the United States to 23 mil-

lion bushels during the period from December 10, 1953, to September 30, 1954.¹

In communicating its decision to this Government the Canadian Government had indicated that its action in limiting shipments of oats to the United States was taken with the expectation that substantial quantities of oats would not enter the United States from other sources and thus displace the competitive position of Canada which has traditionally supplied almost the whole of United States imports of oats. Accordingly, the action by the President in limiting imports from other sources is supplementary to the Canadian decision. Taken together, the two actions will have the effect of treating imports of oats from all sources on an equitable basis.

TEXT OF PROCLAMATION 3041²

WHEREAS, Pursuant to Section 22 of the Agricultural Adjustment Act, as added by Section 31 of the Act of August 24, 1935, 49 Stat. 773, re-enacted by Section 1 of the Act of June 3, 1937, 50 Stat. 246, and as amended by Section 3 of the Act of July 3, 1948, 62 Stat. 1248, Section 3 of the Act of June 28, 1950, 64 Stat. 261, and Section 8 (B) of the Act of June 16, 1951, 65 Stat. 72 (7 U. S. C. 624), the Secretary of Agriculture has advised me that he has reason to believe that oats are being or are practically certain to be imported into the United States under such conditions and in such quantities as to render or tend to render ineffective, or materially interfere with, the price-support program undertaken by the Department of Agriculture with respect to oats pursuant to Sections 301 and 401 of the Agricultural Act of 1949 (63 Stat. 1053, 1054), or to reduce substantially the amount of products processed in the United States from domestic oats with respect to which such program of the Department of Agriculture is being undertaken; and

WHEREAS, on June 6, 1953, I caused the United States Tariff Commission to make an investigation under the said Section 22 with respect to hulled and unhulled oats and unhulled ground oats; and

WHEREAS, the said Tariff Commission has made such investigation and has reported to me its findings and recommendations made in connection therewith; and

WHEREAS, on the basis of the said investigation and report of the Tariff Commission, I find that hulled and unhulled oats and unhulled ground oats are practically certain to be imported into the United States during the period December 23, 1953, to September 30, 1954, inclusive, under such conditions and in such quantities as to render or tend to render ineffective, or materially interfere with, the said price-support program with respect to oats; and

WHEREAS, I find and declare that the imposition of quantitative limitations not in excess of 23,000,000 bushels of the product of Canada and not in excess of 2,500,000 bushels of the product of other foreign countries are shown by such investigation of the Tariff Commission to be necessary in order that the entry, or withdrawal from warehouse, for consumption of oats described in the preceding paragraph of this Proclamation during the period December 23, 1953, to September 30, 1954, will not render or tend to render ineffective, or materially interfere with, the said price-support program; and I further find and declare such permissible total quantity to be proportionately not less than 50 percentum of the total average aggregate annual quantity of such oats entered, or with-

drawn from warehouse, for consumption during the representative period July 1, 1948, to June 30, 1951, inclusive;

WHEREAS, Canada has undertaken to limit exports of oats to the United States to 23,000,000 bushels during the period from midnight December 10, 1953, to midnight September 30, 1954:

NOW, THEREFORE, I, Dwight D. Eisenhower, President of the United States of America, acting under and by virtue of the authority vested in me by the said Section 22 of the Agricultural Adjustment Act, as amended, do hereby proclaim that the total aggregate quantity of hulled and unhulled oats and unhulled ground oats, other than oats the product of Canada, entered, or withdrawn from warehouse, for consumption during the period December 23, 1953, to September 30, 1954, inclusive, shall not be permitted to exceed 2,500,000 bushels of 32 pounds each.

The provisions of this proclamation shall not apply to certified or registered seed oats for use for seeding and crop-improvement purposes, in bags tagged and sealed by an officially recognized seed-certifying agency of the country of production: *Provided*, (a) that the individual shipment amounts to 100 bushels (of 32 pounds each) or less, or (b) that the individual shipment amounts to more than 100 bushels (of 32 pounds each) and the written approval of the Secretary of Agriculture or his designated representative is presented at the time of entry, or bond is furnished in a form prescribed by the Commissioner of Customs in an amount equal to the value of the merchandise as set forth in the entry, plus the estimated duty as determined at the time of entry, conditioned upon the production of such written approval within 6 months from the date of entry.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of the United States of America to be affixed.

DONE at the City of Washington this 26th day of December in the year of our Lord nineteen hundred and [SEAL] fifty-three, and of the Independence of the United States of America the one hundred and seventy-eighth.



By the President:

JOHN FOSTER DULLES
Secretary of State

Credit Extended to Japan for Purchase of Cotton

The Export-Import Bank of Washington announced on December 23 that arrangements have now been completed for the operation of a credit of \$60 million authorized by U.S. commercial banks to finance the purchase and export of U.S. cotton to Japan. This credit bearing interest at the rate of 3½ percent per annum and repayable in 15 months is extended to the Bank of Japan which will designate Japanese commercial banks as its agents. The Japanese commercial bank will in turn utilize the services of the following U.S. commercial banks which will provide the funds:

Bank of America
Bank of the Manhattan Company
Bankers Trust Company

¹ For correspondence with Canada on this subject, see BULLETIN of Jan. 4, 1954, p. 21.

² 18 Fed. Reg. 8883.

The Chase National Bank of the City of New York
Chemical Bank & Trust Company
First National Bank of Boston
First National Bank of Chicago
Guaranty Trust Company
The Hanover Bank
Irving Trust Company
Manufacturers Trust Company
The National City Bank of New York
J. Henry Schroder Banking Corporation
Wells Fargo Bank & Union Trust Company

The credit is to be used to finance the sale of raw cotton purchased under contract entered into subsequent to December 3, 1953.

Cost of insurance and freight may be financed under the line of credit provided contracts are made on C. I. F., C&F or C&I terms. Shipment is restricted to vessels of United States or Japanese registry unless a waiver is obtained from the U.S. Maritime Administration permitting shipment on a vessel of other registry. Financing will be effected through letters of credit expiring not later than July 31, 1954, under which 15-month drafts will be drawn on the Bank of Japan.

All inquiries relating to other details of operations of this credit should be addressed by the American cotton shipper to his bank or banks in the United States or his agent in Japan.

Issues Involved in Syrian Complaint

*Statements by Henry Cabot Lodge, Jr.
U.S. Representative to the United Nations*¹

U.S./U.N. press release dated December 16

The Security Council since October 27 has had under consideration the Syrian complaint on the diversion of the Jordan River. We have heard the representatives of Syria, Israel, Lebanon, and Pakistan in a number of important statements. The United States has followed the development of the debate with intense interest. As a result we have come to the following conclusions:

First, strict compliance with the armistice agreement entered into between Israel and Syria is of vital importance to the peace of the area and this question is intimately involved in the present case.

Second, the primary responsibility of the Security Council in this matter is to uphold that armistice agreement which it endorsed in its resolution of 11 August 1949 as superseding the truce and facilitating the transition to permanent peace. The agent of the Security Council for these purposes is the Chief of Staff of the Truce Supervision Organization.

Third, development projects which are consistent with the undertakings of the parties under the armistice agreement and which are in the general interest and do not infringe upon established rights and obligations should be encouraged. The decision of the Chief of Staff for the continuance of the diversion of the Jordan River project would be subject to these considerations. The Chief of Staff, as the authority responsible for the general supervision of the demilitarized zone, is the proper authority to determine whether the project now in question meets these conditions. Any unilateral action, from whatever side, which is not consistent with this authority of the Chief of Staff threatens the effective operation and enforcement of the armistice agreement. Similarly, no government should, in our opinion, exercise a veto power over legitimate projects in the demilitarized zone.

On the basis of these conclusions, the United States has joined with France and the United Kingdom in submitting for the consideration of the Council the draft resolution which has been circulated. This resolution makes clear, in our opinion:

(a) That the Chief of Staff of the Truce Supervision Organization, as Chairman of the Syrian-Israel Mixed Armistice Commission, is the responsible authority with respect to questions affecting the demilitarized zone under article 5 of the armistice agreement;

(b) That the issues raised by the Jordan River diversion project should be judged by the Chief of Staff in accordance with his authority under the armistice agreement, and

(c) That in these and other questions concerning the status of the demilitarized zone an important consideration should be the just and orderly development of the natural resources affected, with due regard for the general welfare and the interests of the parties and individuals concerned.

To these ends, Mr. President, we hope that the Governments of Israel and Syria will cooperate fully with the Chief of Staff and that they will mutually benefit from his decisions. In the opinion of the United States, the draft resolution represents the proper line of action for the Security Council to take in this case.

U.S./U.N. press release dated December 21

At the last meeting of the Security Council the representative of China, who, I believe, was supported in this by the representative of Pakistan, took the position that the language of the pending resolution was not clear as regards the rights of the parties under the armistice agreement.

While I do not share their doubts and while it seems to me perfectly clear that the Chief of Staff would in the normal course under the terms of this resolution naturally seek to reconcile the interests of the two parties and would consult with them,

¹ Made in the Security Council on Dec. 16 and Dec. 21.

I am always glad to try to defer to the opinions of the members and seek to clarify the point.

In this spirit, the sponsors of the resolution suggest adding a new paragraph—paragraph 14—to read as follows:

Nothing in this resolution shall be deemed to supersede the Armistice Agreement or to change the legal status of the Demilitarized Zone thereunder.

This seems to us to be a concise way of removing any doubts which may exist regarding the Chief of Staff's consulting with the parties in accordance with their rights and interests. We do not think that the doubts previously expressed are well founded, but are glad to go as far as we can to resolve them and in this spirit of helpfulness, we propose this amendment.

TEXT OF DRAFT RESOLUTION²

U.N. doc. S/3151/Rev. 1
Dated December 21, 1953

The Security Council,

1. *Recalling* its previous resolutions on the Palestine question;
2. *Taking into consideration* the statements of the Representatives of Syria and Israel and the reports of the Chief of Staff of the Truce Supervision Organization on the Syrian complaint (S/3108/Rev. 1);
3. *Notes* that the Chief of Staff requested the Government of Israel on 23 September 1953 "to ensure that the authority which started work in the Demilitarized Zone on 2 September 1953 is instructed to cease working in the Zone so long as an agreement is not arranged";
4. *Endorses* this action of the Chief of Staff;
5. *Recalls* its resolution of 27 October 1953, taking note of the statement by the Representative of the Government of Israel that the work started by Israel in the Demilitarized Zone would be suspended pending urgent examination of the question by the Council;
6. *Declares* that, in order to promote the return of permanent peace in Palestine, it is essential that the General Armistice Agreement of 20 July 1949 between Syria and Israel be strictly and faithfully observed by the Parties;
7. *Reminds* the Parties that, under Article 7, paragraph 8 of the Armistice Agreement, where the interpretation of the meaning of a particular provision of the Agreement other than the preamble and Articles 1 and 2 is at issue, the Mixed Armistice Commission's interpretation shall prevail;
8. *Notes* that Article 5 of the General Armistice Agreement between Syria and Israel gives to the Chief of Staff, as Chairman of the Syrian-Israeli Mixed Armistice Commission, responsibility for the general supervision of the Demilitarized Zone;
9. *Calls upon* the Chief of Staff to maintain the demilitarized character of the Zone as defined in paragraph 5 of Article 5 of the Armistice Agreement;
10. *Calls upon* the Parties to comply with all his decisions and requests, in the exercise of his authority under the Armistice Agreement;
11. *Requests and authorizes* the Chief of Staff to explore possibilities of reconciling the interests involved in this dispute including rights in the Demilitarized Zone and full satisfaction of existing irrigation rights at all seasons, and to take such steps as he may deem appropriate to effect a reconciliation, having in view the development of the natural resources affected in a just and orderly manner for the general welfare;

² Sponsored by France, the United Kingdom, and the United States.

12. *Calls upon* the Governments of Israel and Syria to co-operate with the Chief of Staff to these ends and to refrain from any unilateral action which would prejudice them;

13. *Requests* the Secretary-General to place at the disposal of the Chief of Staff a sufficient number of experts, in particular hydraulic engineers, to supply him on the technical level with the necessary data for a complete appreciation of the project in question and of its effect upon the Demilitarized Zone;

14. *Affirms* that nothing in this resolution shall be deemed to supersede the Armistice Agreement or to change the legal status of the Demilitarized Zone thereunder.

15. *Directs* the Chief of Staff to report to the Security Council within 90 days on the measures taken to give effect to this resolution.

Justice Halpern To Serve on U.N. Minorities Subcommittee

U.S./U.N. press release dated December 18

Philip Halpern, Associate Justice of the Appellate Division of the Supreme Court of New York, Third Department, on December 18 was designated as U.S. alternate for the sixth session of the U.N. Subcommittee on the Prevention of Discrimination and the Protection of Minorities. This Subcommittee will meet at the Headquarters of the United Nations in New York City from January 4 to 29, 1953.

Justice Halpern was designated alternate on this Subcommittee by Mrs. Oswald B. Lord, U.S. representative on the Commission on Human Rights, who was elected to the Subcommittee by the Commission on Human Rights in May 1953.

The Subcommittee consists of 12 members. While they are nominated by the Nations represented upon the Commission on Human Rights, the members of the Subcommittee serve as individual experts and not as governmental representatives. Any member of the Subcommittee is authorized to appoint an alternate to serve in his stead with the consent of his government and in consultation with the Secretary-General of the United Nations. In accordance with this procedure, Mrs. Lord has designated Justice Halpern as her alternate.

Justice Halpern will serve during the first 3 weeks of the Subcommittee session during the recess of the Appellate Division of the Third Department. He will then return to the Appellate Division for its January term which commences on January 25.

The Subcommittee at its next session will plan for the study of discrimination in various fields and particularly in the field of education. In addition, the Subcommittee will consider the possible definition of the term "minorities" and is expected to study a compilation of provisions adopted by various countries for the protection of minorities. Justice Halpern will serve on the

Subcommission in his individual capacity as an expert in these fields.

Justice Halpern served as principal adviser on the U.S. delegation to the United Nations Commission on Human Rights which met in Geneva in April and May 1953.

Appointments to U.S. National Commission for UNESCO

Press release 665 dated December 21

The Department of State on December 21 announced the appointment of 18 new members to the United States National Commission for UNESCO, the citizen group which acts as liaison between the Government and the people in relations with the United Nations Educational, Scientific and Cultural Organization.

The National Commission is composed of 40 persons selected by the Secretary of State and 60 persons who are designated by national organizations for appointment by the Secretary. George Shuster, president of Hunter College, is Chairman of the National Commission.

Those who received direct appointment by the Secretary are:

Mrs. Stewart Alexander, Park Ridge, N. J.; Director of Women's Activities, American Heritage Foundation.
Maj. Gen. Milton G. Baker, Wayne, Pa.; Superintendent, Valley Forge Military Academy.
Leonard Carmichael, Washington, D. C.; Secretary of the Smithsonian Institution.
Clayton J. Chamberlin, Honolulu, Hawaii; Superintendent of the Department of Public Instruction of Hawaii.
Mayor Fred A. Emery of Tucson, Ariz.
Mrs. Elizabeth Hefelinger, Wayzata, Minn., prominent leader in cultural, philanthropic, political, and human relations activities in Minnesota.
Mrs. J. Balfour Miller, Natchez, Miss.; former Regent, Daughters of the American Revolution.
Mrs. Henry Potter Russell, Burlingame, Calif.; former member of U. S. delegations to UNESCO General Conferences, and long prominent in San Francisco cultural, civic, and international activities.
Carl Shelly, Sparks, Nev.; Publisher, *Sparks Tribune*.
Lawrence M. Stavig, Sioux Falls, S. Dak.; President, Augustana College.
John Walker, Washington, D. C.; Chief Curator, National Gallery of Art.

Secretary Dulles also appointed the following members to the UNESCO National Commission upon their nomination by national organizations:

Gordon W. Allport, Cambridge, Mass.; Department of Social Relations, Harvard University, representing the Society for the Psychological Study of Social Issues.
F. Ernest Johnson, New York, N. Y.; former Executive Director, Department of Research and Survey, National Council of the Churches of Christ, representing the National Council of the Churches of Christ.
G. Griffith Johnson, Washington, D. C.; Assistant to the President, Motion Picture Association of America, representing the MPA.

Galen Jones, Washington, D. C.; U.S. Office of Education, representing the National Association of Secondary-School Principals.

Agnes Mongan, Somerville, Mass.; Curator of drawings, Fogg Museum of Art, Harvard University, representing the College Art Association.

Rudger H. Walker, Logan, Utah; Dean, School of Agriculture, Utah State Agricultural College, representing the Association of Land-Grant Colleges and Universities.

Malcolm M. Willey, Minneapolis, Minn.; Vice President, University of Minnesota, representing the Social Science Research Council.

The U.S. National Commission for UNESCO was created by act of Congress in 1946. In addition to its responsibilities as an advisory group to the Government, it serves as liaison between UNESCO, which has its headquarters in Paris, and the American people. The 100 members of the National Commission serve without compensation.

Official Termination of International Materials Conference

The Central Group of the International Materials Conference met, as previously scheduled, on December 15, 1953, to review the raw materials situation and determine the future of the Conference.

The Central Group noted that, since the dissolution of the last Commodity Committee on September 30, 1953, there has been no new development which would call for action by the Conference in accordance with its terms of reference.

The Central Group, in noting, therefore, that the IMC had accomplished its tasks, recognized that the methods used in coping with the shortages had been effective and could serve as a guide in any future emergency shortage. It consequently recommended that the Conference be officially terminated as of December 31, 1953.

In making this recommendation, the Central Group noted that representatives of all its members have indicated their readiness to consult among themselves, at the initiative of any one of them, in the event of concern over threatened shortages.

The International Materials Conference was convened in February 1951 at the invitation of the three sponsoring Governments (France, the United Kingdom, and the United States) to deal with the raw materials shortage which developed in the free world following the outbreak of hostilities in Korea.

During the period of its activities, the Conference was concerned with the following raw materials: copper, zinc, lead, manganese, nickel, cobalt, sulfur, tungsten, wool, newsprint, wood pulp, cotton, and cotton linters.

Report of U.N. Command Operations in Korea

SEVENTY-FOURTH REPORT: FOR THE PERIOD JULY 16-31, 1953¹

U.N. doc. S/3143
Dated November 24, 1953

I herewith submit report number 74 of the United Nations Command Operations in Korea for the period 16-31 July 1953, inclusive. United Nations Command communiqués numbers 1677-1689 provide detailed accounts of these operations.

From the 16th of July until the Armistice was signed on the 27th of July, there were executive sessions each day except for the 17th and 18th days of the month. There was an executive plenary session on the 16th, and on the 19th day there was both an executive plenary session and an executive liaison officers session. From the 20th day through the 26th there were executive sessions daily of both liaison and staff officers except on the 22nd day when there was a staff officer session only and on the 25th and 26th days liaison officers meetings only.

On 19 July the Communists made public a statement relative to the implementation of the Armistice Agreement. The United Nations Command noted the statement and reserved the right to discuss the Communist statement publicly.

Discussions during this period concerned reaching agreement as to the effective date of the Armistice; revision to the Draft Armistice Agreement, Military Demarcation Line and Demilitarized Zone; preparation of the documents, including maps; Temporary Agreement Supplementary to the Armistice Agreement; and arrangements for the signing of the Armistice.²

On 26 July 1953, General Mark W. Clark, Commander in Chief, United Nations Command, announced that at 2:05 P. M. that date, United Nations Command and Communist delegates reached agreement on the terms of an armistice. In connection with the signing of the armistice, General Clark made the following statement:

"In order to speed the conclusion of the armistice and thus prevent additional casualties which would result from

further delay, and because of unacceptable restrictions demanded by the Communists as a condition to the appearance at Panmunjom of their commanders, it has been agreed that none of the commanders will sign the Armistice Agreement at Panmunjom. Instead, both sides have authorized their senior delegates to sign the agreement at Panmunjom at 10 o'clock, Monday, 27 July. Twelve hours from that time the armistice will become effective.

"In accordance with the agreed upon procedure, the documents signed by the delegates at Panmunjom will be dispatched immediately to the headquarters of the respective military commanders for their signatures. I shall sign the documents at my advance headquarters at Munsan-ni."

Liaison officers of the United Nations Command and Communists reached agreement in executive session at Panmunjom on the 26th of July on details pertaining to the signing of an armistice and set 10 A. M., July 27, as the time and date for the signing.

On 27 July 1953, a military armistice between the United Nations Command and the armed forces of North Korea and Communist China was signed initially at 10 A. M. at Panmunjom, Korea, by Lieutenant General William K. Harrison, Jr., representing the United Nations Command and General Nam Il for the Communist forces.³ The documents to be signed by the Commander in Chief, United Nations Command were then returned to Munsan-ni, where they were signed by General Mark W. Clark. The armistice became effective at 10 P. M., 27 July 1953.

Even though armistice negotiations were culminated in an agreement during this period, strongly Communist prisoners of war in United Nations Command custody made last minute efforts to create difficulties for their captors. As is often the case, the prisoners in the Koje-do complex created all the disturbance. Various compounds, obviously on order of their prisoner of war leaders, conducted drills, shouted, clapped their hands and conducted frenzied chants in violation of long standing instructions. In one instance, a United Nations Command enclosure commander was attacked.

There were detected during this period unmistakable signs that the non-repatriate prisoners remaining in United Nations Command custody were becoming increasingly apprehensive about their ultimate fate. Particular emphasis, therefore, was placed on presentation of factual data to these non-repatriates to point out the safeguards guaranteed them by the Armistice Agreement. Initiation of this program met with immediate success in allaying fears and apprehensions of this category of prisoners and contributed in large measure to the maintenance of order in their camps.

¹ Transmitted on Nov. 23 to the Secretary-General, for circulation to members of the Security Council, by the U.S. representative to the U.N. Text of the 50th report appears in the BULLETIN of Dec. 15, 1952, p. 958; the 51st and 52d reports, Dec. 29, 1952, p. 1034; the 53d report, Jan. 26, 1953, p. 153; the 54th report, Feb. 9, 1953, p. 224; the 55th report, Feb. 16, 1953, p. 276; the 56th report, Mar. 2, 1953, p. 348; excerpts from the 57th, 58th, and 59th reports, May 11, 1953, p. 690; excerpts from the 61st, 64th, and 65th reports, July 13, 1953, p. 50; excerpts from the 67th, 68th, and 69th reports, Sept. 28, 1953, p. 423; and excerpts from the 70th, 71st, 72d, and 73d reports, Jan. 4, 1954, p. 30. The 60th, 62d, 63d, and 66th reports were omitted from the BULLETIN.

² For special report of the Unified Command on the armistice, see BULLETIN of Aug. 24, 1953, p. 246.

³ For text, see *ibid.*, Aug. 3, 1953, p. 132.

Elements of five Chinese Communist Forces armies continued to attack along the KUMSONG Salient during mid-July, raising the intensity and strength of enemy action to a new high for the last two years of the war. The western front remained relatively quiet during the period while the eastern front flared anew with North Korean troops attacking United Nations Command positions south of KOSONG and astride the SOYANG Valley, South of SOHUI. From the armistice on 27 July until the end of the period, no activity of significance was reported across the front, with the exception of numerous sightings of enemy work details in the forward areas.

Enemy activity across the western front again was centered around several United Nations Command outpost positions near PUNJI and Outpost BETTY, south of SANGNYONG. Additionally, just prior to the end of the previous period, the enemy launched a battalion-size attack against Outpost BETTY.

In a United Nations Command division sector near PUNJI little activity was noted early in the period. In this sector late on 19 July an undetermined-size enemy force attacked and occupied Outposts BERLIN and E. BERLIN. These positions were still in the enemy's hands at the armistice signing. East of PUNJI an enemy regiment heavily supported with artillery and mortar attacked United Nations Command main line of resistance positions on 24 July. Friendly elements counterattacked early on 25 July and restored lost positions. Later in the morning an enemy company launched another attack in the same area. After a brief firefight the enemy was forced to withdraw. Sporadic firing continued until another enemy company renewed the assault early on 26 July. The enemy was forced to withdraw after approximately one hour of intense fighting. Late in the period the United Nations Command defenders in this sector experienced a number of platoon-size probes, all of which withdrew after brief exchanges of fire. The adjacent United Nations Command division to the east remained exceedingly quiet with no enemy initiated action occurring that was larger than several squads in size.

South of SANGNYONG in another United Nations Command division sector enemy initiated action centered around Outpost BETTY. The Communists launched six attacks of platoon size or larger against the outpost in attempts to occupy the position. The last attack, of company-size, was the only one in which the enemy had any success. In this engagement the Chinese assaulted the United Nations Command position on 25 July and after nine hours of vicious fighting the enemy force occupied the center and western portions of the outpost. Sporadic fighting continued throughout the afternoon of 25 July with the United Nations Command regaining control of the central portion of the position.

In another United Nations Command division sector east of SANGNYONG, enemy activity decreased to a marked degree from the bitter fighting of the previous period. Only two company and two platoon-size enemy initiated actions were reported. These actions were concentrated against Outposts WESTVIEW and DALE, none of which were significant and the enemy withdrew after briefly probing United Nations Command positions.

As indicated previously, the Chinese launched their KUMSONG Bulge attack on 13 July and continued to expand initial successes during the period. The weight of the action was against the center and eastern portions of the central front. Elsewhere across the central front, enemy activity was of a lesser intensity.

North of CHORWON in a United Nations Command division sector, enemy activity was insignificant. However to the east, the adjacent United Nations Command division experienced nine company or larger size attacks between 16-20 July. The remainder of the period in this sector was relatively quiet. Early on 16 July a Chinese company unsuccessfully attacked positions of this United Nations Command division west of KUMHWA. Smaller enemy probes were initiated concurrently in adjacent areas. These actions were followed with three attacks of

company to battalion-size across the United Nations Command division front on the night of 16-17 July. Action was further intensified in this area on the subsequent night when the enemy mounted two battalion and two company-size attacks. Although hand-to-hand fighting resulted, the enemy was forced to withdraw after periods ranging from a few minutes to four hours. Two nights later the enemy again employed a company against the positions of this United Nations Command division. Hand-to-hand combat raged over positions, the depleted enemy force was compelled to withdraw, however, after several hours of intense battle. Until the armistice, small enemy groups intermittently probed these positions.

South of KUMSONG United Nations Command elements deployed across most of the central front continued to fight determinedly to contain and repel enemy attacks. These attacks commenced on the night of 13 July when the Chinese with five armies massed between KUMHWA and the PUKHAN River, launched wave upon wave of assault infantry against United Nations Command positions along the KUMSONG Salient. Initially the enemy employed elements of five divisions in the assault and by the close of the battle eight divisions from the five Chinese Communist Forces armies had been identified. This enemy attack resulted in the loss to the United Nations Command of the KUMSONG Salient and required a major readjustment of United Nations Command front line defenses.

In one United Nations Command division sector, east of KUMHWA, the enemy launched five attacks of battalion to regimental-size against United Nations Command defenders. These enemy actions were concentrated on 15 and 16 July and were a continuation of the large limited objective attack launched by the Chinese against the KUMSONG Bulge on 13 July. Throughout these heavy attacks on 15 and 16 July the United Nations Command defenders fought bitterly to retain every position, however, under the weight of the Communist onslaught, several outpost positions were relinquished and the United Nations Command was forced to withdraw slightly to compensate for minor penetrations of the United Nations Command main line of resistance. By midnight 16 July all action had ceased and until the armistice only a scattering of small probes and one minor company attack were reported.

South of KUMSONG in another United Nations Command division sector the action continued heavy from the previous period as a result of the large scale attacks by the Chinese on 13 July. The action of an enemy division attack reported in the previous period against this United Nations Command division continued on through 17 July. Subsequently, there was a slackening of activity in this sector until early on 22 July. During the next four days the Chinese mounted eight company and battalion-size attacks against elements of this United Nations Command division. Although the United Nations Command defenders were forced to withdraw from several outposts there were no large scale withdrawals from critical terrain and the Chinese were eventually compelled to withdraw their depleted assault units. Brief enemy probes were experienced by these friendly elements until 27 July but no breach in the United Nations Command position was made.

At the beginning of the period south of KUMSONG a United Nations Command division fought to contain the Chinese southward drive of 13 July. On 18 and 19 July the enemy initiated seven company and battalion-size actions against elements of this United Nations Command division, forcing the United Nations Command to give ground to the numerically superior Chinese. However, by 20 July the tide of the battle began to change and friendly elements took the offensive to regain a portion of the ground lost. Remnants of the enemy assault force began a withdrawal to the north and the United Nations Command was able to re-establish a firm defense. No further enemy attacks were experienced in this sector until the enemy launched a two company-size attack shortly after daybreak on 23 July. The enemy was re-

inforced to regimental-size and finally after five hours of bitter fighting the United Nations Command forces withdrew slightly. The last action of the period, west of the regimental attack of 23 July, occurred on 25 July when another Chinese regiment assaulted the main line of resistance positions for over two hours before heavy United Nations Command fires forced the enemy to withdraw.

Elements of another United Nations Command division south of KUMSONG experienced ten attacks of company and battalion-size during the period. These attacks were all carried out between 21 and 24 July and resulted in minor losses of terrain for the United Nations Command. In most cases the Chinese were compelled to withdraw due to the heavy fire placed on their assault units by the United Nations Command. Although several penetrations of the United Nations Command main line of resistance were made, vigorous United Nations Command counterattacks resulted, in most instances, in a resumption of United Nations Command control.

Slightly to the east in an adjacent United Nations Command division heavy fighting commencing on 13 July continued on into late July. The Chinese maintained pressure with an undetermined large number of enemy continuing the action until 21 July. At this time there was a marked decrease in enemy activity and for several days contact with the enemy was maintained only by aggressive United Nations Command patrols. The Chinese came back with a two platoon probe against an outpost of the division shortly before daybreak on 26 July. This probe lasted for over eight hours before the enemy completely withdrew. Subsequently, two enemy companies struck against the same friendly outpost the following evening. However, this enemy force found stiffening resistance and remained in contact for only one hour before withdrawing.

As the period opened a United Nations Command division was deployed astride the PUKHAN River. Later in the period another United Nations Command division relieved the former as the battle for the KUMSONG Bulge continued to bring pressure against elements of the United Nations Command across the central front. Early in the period the enemy was still pushing south overrunning United Nations Command positions due to the overwhelming weight of his assault forces. By 18 July the friendly forces in this sector were beginning to contain and stabilize the front. As enemy attacks waned in intensity, the United Nations Command elements began a series of counterattacks to seize the initiative. However, the enemy continued to launch attacks to keep pressure on the United Nations Command. Typical of the five company to battalion-size actions reported was the enemy battalion attack of 20 July. In this assault the enemy struck friendly main line of resistance positions shortly after dark and the mass of the enemy force broke into the United Nations Command trenches and engaged the United Nations Command defenders in a bitter hand-to-hand battle. Three hours of intense fighting for control of the position ended with the determined United Nations Command troops still denying occupancy of the position to the Chinese. After this depleted enemy force withdrew early on 21 July, the Chinese remained relatively quiet in this sector until the armistice.

There was an intensification of enemy activity across the eastern front in comparison to the relative inactivity of the previous period. A total of eighteen enemy initiated actions of company-size or larger occurred. These enemy attacks were concentrated against XMAS Hill south of MULGUJI, Hill 812-Hill 854 complex south of SOHUI, and outpost positions south of KOSONG.

During the period one United Nations Command division, deployed between the PUKHAN River and the MUNDUNG-NI Valley, experienced three attacks of company-size or larger. These attacks were in consonance with those of the previous period against elements of this division. An enemy company probed outpost positions in the division's sector early on 18 July for one hour before withdrawing. Shortly after this action began, an enemy battalion, slightly to the east of the other action, assaulted

outposts of the division. The enemy was again repelled after approximately a two hour firefight. Further east another enemy battalion attacked outposts of the same division and engaged the United Nations Command defenders in hand-to-hand combat. A vicious battle ensued with the United Nations Command relinquishing control of a platoon-size outpost for several hours. Subsequently a determined United Nations Command counterattack resecured the position, with the remnants of the enemy force withdrawing shortly after daybreak on 18 July. Throughout the remainder of the period this sector was inactive, with the exception of several minor probes on 19 July.

The United Nations Command division astride the SOYANG Valley experienced a marked increase in enemy attention. In the Hill 812 complex south of SOHUI the enemy briefly probed United Nations Command positions with a company on the night of 16-17 July. This action was quickly followed by a platoon attack in which the enemy reinforced to battalion-size and overran the United Nations Command main line of resistance. Concurrently, an enemy company attack slightly to the east was successful, after a bitter battle in the United Nations Command trenches, in throwing back the United Nations Command. Shortly thereafter the enemy occupied the position with two battalions. The attacks for control of Hill 812 resulted in enemy casualties estimated at 160 killed in action and 260 wounded in action.

Early on the morning of 18 July the enemy attempted to expand his success on Hill 812 by attacking Hill 854, east of the SOYANG Valley, with a regimental-size assault force. Although the enemy supported the effort with 30,000 rounds of artillery and mortar, the assaulting force broke and withdrew after approximately four hours of determined attacks. Thence until the armistice on 27 July, the enemy probed these positions with minor size forces; however, no actions of significance occurred.

In one United Nations Command division sector south of KOSONG enemy activity was particularly intense following a lengthy period of inactivity. The enemy launched eleven attacks of company-size or larger against United Nations Command outpost or main line of resistance positions in this area. The attacks were all brief and of little consequence, with the exception of an attack the enemy mounted with a company about daybreak on 18 July. The enemy struck against United Nations Command main line of resistance positions and after a fierce close-in battle the enemy overran one United Nations Command position. Elements of the United Nations Command division launched an aggressive counterattack about mid-morning but were repulsed by a strong enemy force on the objective. This sector of the front remained active until 27 July with the position remaining under enemy control.

United Nations Command naval aircraft, operating from fast attack carriers in the Sea of Japan continued their attacks on pre-selected targets and targets of opportunity from the main line of resistance to the Manchurian Border. More than four thousand sorties were flown during the period 16 through 27 July. The major effort of naval air during this period was directed against Communist front line and supporting positions. On 13 July, in order to counter an apparent effort by the Communist forces to gain ground along the front line prior to an armistice, maximum support was directed along the battletline. In furtherance of this effort four carriers carried out operations on around-the-clock basis until 27 July at 2200L. The targets on these strikes in direct support of friendly troops, for the most part, consisted of enemy supply and billeting areas, gun positions, bunkers, main supply routes, and trenches. Accurate evaluation of the results of many of these attacks was prohibited due to the nature of the target or to the nature of this type of mission.

The main supply routes throughout Northeast Korea were also struck daily in an effort to minimize the flow of supplies to enemy forces committed to the front line. These attacks resulted in the destruction of numerous railcars, trucks, and other rolling stock. In addition,

several rail and highway bridges were destroyed and numerous rail and road cuts were inflicted.

In an effort to prevent the Communists from augmenting their air arm in Korea, another feature of naval air has been to maintain nine designated North Korean airfields in an unserviceable condition. These airfields were attacked under close observation to insure their continued unserviceability.

Enemy coastal-defense positions in the Wonsan Harbor area continued to receive special attention when weather conditions permitted. In continuation of the effort to neutralize this particular threat to our surface forces and friendly-held islands, air strikes and co-ordinated air-gun strikes were scheduled against these positions. However, the effectiveness of these strikes was lessened due to low overcast over the target areas.

United Nations Command surface vessels continued the naval blockade of the Korean East Coast from the vicinity of Kosong to Chongjin. Marginal weather reduced the effectiveness of short bombardment in some instances. However, routine day and night patrols were made to insure that blockade runners were not using North Korean ports or landing areas, and to keep mineswept areas under surveillance. In addition these forces supported naval aircraft in the interdiction of east coast railroad and highway systems within range of ships' gunfire; supported minesweeping operations; supported troops ashore with naval gunfire and destroyed enemy facilities and installations whenever the opportunity presented itself.

A United Nations Command battleship, three cruisers and destroyers assigned rendered direct support for front line ground forces at the eastern terminus of the homeline. These gunfire support missions were conducted against enemy strongpoints, gun positions, troop movements, bunkers, supply areas, trenches and supply routes. Harassing and interdiction fire was provided nightly on troop movements, rail and road junctions, supply areas and other worthwhile military targets.

Although enemy coastal gun positions in the Wonsan area were less active than during previous periods they continued to pose a threat to United Nations Command surface forces and to friendly-held islands in that area. Various units were fired upon on numerous occasions but without being hit. Surface units continued to harass these gun positions daily with naval gunfire and air strikes which were vectored in on the particularly troublesome positions when weather permitted.

All United Nations Command naval units were ordered to cease fire on 27 July at 1000I except to return enemy fire or to answer calls for support of United Nations Command ground forces. On 27 July at 2200I, in accordance with armistice agreements, the surface blockade was lifted and the major task of east coast surface forces became the evacuation of friendly-held islands north of the demarcation zone.

Surveillance patrols south of the line of demarcation were set up to cover within the three mile limit in order to protect friendly shipping, guard against breaches or incidents concerning the armistice agreement and prevent infiltration.

On 29 July United Nations Command naval forces received a request to assist as practicable in the search and rescue of an Air Force RB 50 and crew reported down in the Sea of Japan. A cruiser, two helicopters and five destroyers were ordered to proceed and pick up survivors. Carrier based planes assisted in the search and a P2V, on routine anti-submarine patrol, was diverted to the scene to assist. An exhaustive search was conducted for nearly twenty-four hours. A trawler, fishing vessels, and other small craft were sighted in the area. A lifeboat, considerable wreckage and several oil slicks were detected. One survivor was picked up.

Marine aircraft based in Korea struck the enemy with one thousand eight hundred seventy-five combat sorties. The major effort was directed against Communist front line and supporting positions in an effort to counter an apparent effort by the Communist forces to gain ground

along the front line prior to a possible armistice. Numerous bunkers, gun and mortar positions, supply and personnel shelters and enemy strongpoints were destroyed on these close support missions. An undetermined number of casualties were inflicted on enemy troops. Although bad weather greatly curtailed the interdiction effort supply lines, troop and supply areas and other military targets were struck almost daily. In addition, reconnaissance, intercept and escort sorties were flown throughout North Korea.

United Nations carrier based aircraft operating off the Korean West Coast continued their strikes on enemy targets from the front lines to the Chinnampo area. Marginal to non-operational weather reduced the effective sorties flown during the period. However, in spite of generally poor weather conditions, nearly five hundred sorties were flown. Attacks were pressed on the troop billeting areas, transportation facilities, supply areas and gun positions throughout the Hwanghae Province. Many rail cuts were inflicted on the main supply routes and a number of railcars, bridges and trenches were destroyed. Attacks were also made on particularly troublesome gun positions. Attacks on enemy troop concentrations resulted in the destruction of numerous buildings. Many troop casualties were also inflicted. After the armistice became effective planes of this unit engaged in reconnaissance and shipping surveillance flights.

United Nations Command surface units operating off the west coast of Korea continued to enforce the blockade of that coast south of latitude thirty-nine degrees and thirty-five minutes north to prevent ingress or egress, mining, or supply and reinforcement by sea. In addition these forces successfully defended friendly-held islands; supported friendly guerrilla activities and destroyed military installations and other worthwhile targets of opportunity. Coastal communications, troop concentrations, gun positions and other coastal targets were harassed almost daily by gunfire.

After the cease fire the major task of west coast surface vessels became the expeditious evacuation of personnel and equipment from coastal islands in accordance with paragraph 13b of the Armistice Agreement.

Coastal areas, anchorages and channels were maintained free of mines by daily minesweeping operations and check sweeps by United Nations Command minesweepers.

Patrol planes flew one hundred fifteen scheduled missions during the sixteen day period. These planes continued to support the United Nations Command effort in Korea by conducting daily shipping surveillance, anti-submarine and weather reconnaissance missions over the waters surrounding Korea.

In order to implement the exchange of prisoners in accordance with the armistice agreements United Nations Command surface units were directed to begin the lifts of Prisoners of War from the various camps to Inchon. Three ships loaded with 2400 prisoners of war arrived at Inchon on 30 July.

United Nations Command naval auxiliary vessels and transports provided personnel lifts and logistic support for the United Nations Command forces in Korea.

The last month of the Korean War witnessed a concerted effort against enemy airfields on the part of the United Nations Command Air Forces as the Communists intensified their repair and utilization of these installations. By maintaining close surveillance of the major fields, it was possible to immediately attack those that showed signs of increased activity. Post-strike and surveillance photography, accomplished on 27 July of thirty fields, revealed that none were serviceable for jet aircraft and that only Uiju possessed any aircraft which could be considered serviceable. At this installation photography showed eight possible serviceable aircraft in addition to nine possibly unserviceable (or dummy) aircraft. Therefore, the Communists are now legally denied the asset of a major offensive Air Force in North Korea during the period of the armistice, just as they were forcefully denied this capability throughout the Korean War, by the

air superiority displayed by United Nations Command air power.

The enemy made several last minute limited attacks to acquire advantageous vantage points along the front line. These thrusts were countered by air bombardments as fighter bomber, light bomber and medium bomber aircraft dumped tons of ordnance on Communist positions.

Throughout the period the Sabrejets provided escort and swept the northwest sector of Korea free of MIGs in order that the fighter bombers could attack their assigned ground targets without fear of Communist air attack. In this role the Sabrejets destroyed twenty MIGs, probably destroyed two, and damaged eleven. During the hours of darkness United Nations Command night fighter aircraft took over the counter air operations, providing escort for the B-29s and intercepting aircraft of unknown identity as detected by friendly ground radar screens.

Fighter bombers of the United Nations Command, while engaged in airfield neutralization and close support operations, still found time to maintain pressure upon the enemy's transportation system and supply centers. Although the period was marked by several days of non-operational weather, every advantage was taken of the opportunities presented whenever the skies cleared or the overcast lifted to permit visual attacks against the enemy's logistical network. Approximately two thousand sorties were flown on interdiction and armed reconnaissance operations as compared with over three thousand sorties devoted to close support. These attacks resulted in the destruction of buildings, vehicles, bridges, railcars, grounded enemy aircraft, supply stacks, personnel shelters, a locomotive, an ammunition dump, and several gun positions. In addition, rails and roads were cut and troop casualties were inflicted. Runways were cratered or enemy aircraft attacked at Pyongyang Main, Pyonggang, Uiju, Taechon, Sinuiju Northeast, Sinuiju, Saameham, Pyong-ni, Namsi, Kangdong, Chunggangjin, Ongjin, and Kanggye Number One airfields.

Light bombers devoted the major portion of their effort to the close support role. Of almost one thousand sorties flown by these aircraft, approximately two thirds were in close support of friendly ground forces and the remainder were directed on armed reconnaissance and interdiction missions. As in the past the majority of the effort took place during the hours of darkness. Weather and bombing methods precluded an assessment of the complete results of these aircraft.

United Nations Command Superforts accomplished a major airfield neutralization program and were successful in reducing all their assigned runway targets to an untenable state. Over half of the two hundred plus sorties completed by the Superforts during the twelve days period were devoted to the airfield program. The runways at Uiju, Sinuiju, Namsi, Taechon, Pyong-ni, Pyongyang East, Pyongyang Main and Saameham airfields took several pondings, and as of 27 July were left in a severely cratered condition. Photography of 19 July revealed that the Communists had slipped forty-three MIG-15s into North Korea and parked them in revetments at Uiju airfield. Medium bomber strikes were immediately directed against the runway to trap the MIGs and a subsequent strike against the revetted aircraft. These two missions, accomplished on the nights of 20 and 21 July were successful in cratering the runway and possibly destroying several of the revetted aircraft.

Medium bombers also performed eighty sorties expending about 720 tons of high explosive bombs on Communist front line positions in close support of United Nations Command ground forces. Three large scale missions were accomplished in this phase of operation on the nights of 16, 17 and 18 July when twenty-three, twenty-three and twenty-four sorties respectively, were effective.

The distribution of psychological warfare leaflets took a back seat during the airfield neutralization program as almost the entire effort was required to accomplish this priority mission. However, a total of eight medium bomber leaflet sorties were flown during the twelve day

period, four of these on the night of 26 July. These latter four sorties distributed "Operation Wind-up" leaflets throughout North Korea, designed to create demands by the Communist fighting men upon their leaders to be released from service now that the war was about over.

Other targets attacked by the Superforts were the Hongwon marshalling yard and the Taewo-ri supply area.

Combat cargo aircraft flew normal logistical airlift of supplies, equipment and personnel in support of United Nations Command operations in Korea.

In late July 1953, President Eisenhower directed that distribution of about 10,000 tons of food be made to the people of Korea, as a practical expression of the sincere sympathy which the people of the United States feel for the Koreans, and as a token of United States appreciation for their valiant struggle against Communist aggression. Food was obtained from reserve United States military food stocks in Korea and Japan. Distribution was begun in Pusan on 29 July 1953, in Seoul on 30 July, and in Taegu and Taejon on 31 July. Every person in the Republic of Korea is eligible to receive a food gift under this program.

The United States Government authorized an initial expenditure of \$200 million for economic aid to the Republic of Korea,⁴ to be undertaken immediately, in addition to the existing co-ordinated United Nations Command-United Nations Korean Reconstruction Agency program. This authorization resulted from the report and recommendations made to the President in July 1953 by Dr. Henry J. Tasea who, as Special Representative of the President for Korean Economic Affairs, conducted a survey in Korea on ways and means of strengthening the Korean economy.⁵

Agreement Reached on Program for Strengthening Korean Economy

Following is the text of an agreement signed at Seoul, Korea, on December 14:

COMBINED ECONOMIC BOARD AGREEMENT FOR A PROGRAM OF ECONOMIC RECONSTRUCTION AND FINANCIAL STABILIZATION

A Program of economic reconstruction and financial stabilization shall be designed to make a maximum contribution towards expanding and strengthening the Korean economy. The UNC member of the Combined Economic Board is impressed with the needs of the Korean economy. Assuming, as both members of the Combined Economic Board confidently expect, the full cooperation which has characterized the association of the Republic of Korea and the United States of America, both in this recovery program and in all other relationships, and provided also that the need for funds can be justified, the UNC member, on his part, pledges his best efforts to obtain such aid funds as are required for the achievement of the basic objectives of this program. The ROK member of the Combined Economic Board, on his part, pledges his best efforts to cause the maximum amount of Korean funds to be used in support of the common undertaking to achieve reconstruction and rehabilitation of the Korean economy.

As in all the relations between the Republic of Korea and the United States of America, the program will be carried out with full mutual respect for sovereign rights.

⁴ For the message of the President to the Congress requesting the authorization, see BULLETIN of Aug. 10, 1953, p. 193.

⁵ For a summary of Dr. Tasea's report, see *ibid.*, Sept. 7, 1953, p. 313.

Within the limits of funds available, the Combined Economic Board will endeavor to ensure that obligations are made as expeditiously as possible and that the procurement, actual arrival, and distribution of goods are expedited as much as possible.

In order to raise the planned investment in the program to the highest level consistent with financial stability, all endeavors will be made to keep the deficit in the ROK war account budget, which is due to the heavy defense expenditures, at a minimum through careful screening of expenditures and the adoption of measures designed to increase tax and other revenues, and to reduce the relief element in the aid program. Investments will be programmed in such a manner that, due regard having been given to the importance of selecting essential investment, all efforts will be made for the maximum feasible share of the total cost to be borne by funds derived from such current income, profits, and savings as are available in accordance with Annex A.

The Government of the Republic of Korea has established the official exchange rate of 180 hwan per US dollar. The Government of the Republic of Korea and the Government of the United States of America have agreed to cooperate fully within the framework of the economic reconstruction and financial stabilization program, to prevent further inflation and to create stable economic and financial conditions in Korea.

Counterpart deposits at a rate of 180 hwan per US dollar will be made by the Government of the Republic of Korea for all aid goods and services which arrive on or after August 28, 1953. An amount not exceeding 5 percent of the amount cumulatively deposited, except as the Combined Economic Board may approve a higher percentage, shall be released from the counterpart account for local expenses of the UN/US organizations administering the aid program. The remainder of the counterpart fund will be administered by the Combined Economic Board with a view of covering eligible expenditure items in the ROK war account budget and for such other purposes as may be agreed. It is understood that decisions concerning the use of that part of the counterpart fund which is generated by UNKRA-financed imports will be subject to the approval of the agent general of UNKRA.

The Government of the Republic of Korea has decided to limit the expansion of credit granted by the Bank of Korea and the commercial banks to an annual amount of hwan 5 billion, except for credit granted for the purpose of making counterpart deposits and credit extended from the counterpart fund. It is presently estimated that the total credit expansion which can take place through the banking system without endangering financial economic stability would be at the rate of hwan 11 billion in the coming twelve months. This magnitude of credit expansion together with the utilization of Korean and aid funds is designed to make possible an increased level of industrial recovery and reconstruction and at the same time to preserve essential financial stability.

Mutually satisfactory procurement arrangements now being developed will be instituted and announced shortly. These will include suitable arrangements to enable enterprises to utilize Foa funds for the purpose of acquiring necessary plant, materials and machines.

The pricing of aid goods and services offered for sale in Korea shall be directed at maximizing collections from these sales in accordance with the principles set forth in Annex B.

All funds collected from the sale of aid goods that arrive on or after August 28, 1953 will be deposited in a collection account with the exception of those amounts needed for meeting the cost of internal distribution of such goods. The collection account will be used to reduce the indebtedness of the Government of the Republic of Korea to the Bank of Korea and for such other purposes as may be agreed upon.

This program will be carried out by skillful and vigorous action as the actual course of developments unfolds. Flexibility in administering the program will be com-

bined with the firm resolution to achieve the goals of the program. Prior to the actual initiation of the programmed projects, the Combined Economic Board will determine whether they retain their original economic usefulness and financial feasibility in the light of subsequent developments.

The quantitative implications of the program are now being developed.

The Economic Coordination Agreement of 1952¹ and the Economic Aid Agreement of 1948 shall be amended in accordance with Annex C.²

Signed in duplicate original this fourteenth day of December, 1953, at Seoul, Korea.

C. TYLER WOOD, *UNC Economic Coordinator.*
PAIK TOO CHIN, *Prime Minister, Republic of Korea.*

Annex A

FINANCING THE INVESTMENT PROGRAM

1. The CEB is agreed that the greatest possible portion of the total cost of programmed investment shall be contributed by enterprises from their own funds or savings rather than from credit. This policy principle is a requirement of the investment program in order to ensure its consistency with the attainment of financial stabilization during the current program period.

2. In order to attain this objective, it is agreed that in the assignment of individual investment projects preference will be given to enterprises which are able to contribute the largest share of the total project costs from their own funds or savings. As a general rule no enterprise will be eligible for assignment of a new investment project within the program unless it can provide an agreed minimum proportion of the total cost of the project from savings.

3. The CEB shall, on the basis of recommendations of the appropriate CEB committees, devise detailed procedures for implementing these principles and review the progress of financing the investment program. It is agreed that significant shortfalls in the proportion of savings obtained for financing the investment program will require adjustment in the volume of investment goods imported under the program in order to maintain balance with other elements of the financial stabilization program.

Annex B

FORMULATION OF PRICING POLICY

1. The Combined Economic Board shall accept as a basic principle in formulation of pricing policy the desirability of moving as rapidly as feasible in the direction of price determination through the operation of free market forces.

2. Aid goods from all sources which are offered for sale in Korea shall be sold at prices approximating those of similar items in the free market, but not less than prices reflecting the hwan value of the dollar landed cost converted at the established exchange rate plus all costs of internal distribution. As exceptions the Combined Economic Board may in its discretion temporarily permit prices of certain aid goods to reflect less than the commensurate hwan value of the dollar landed cost converted at the established exchange rate, where such action will contribute to the achievement of important program objectives. It is understood that, whenever deemed necessary, aid goods may be sold by auction sale.

3. In all cases, the internal distribution costs of imported aid goods, except of those distributed free as relief

¹ For text, see BULLETIN of Sept. 29, 1952, p. 499.

² Annex C is not printed.

goods, will be borne by the ultimate consumer as an element of the price he pays, additional to the element of the price representing the converted dollar landed cost. The proceeds of the sale of aid goods less costs of internal distribution shall be deposited in the collection account, which shall be used for reducing the indebtedness of the Government of the Republic of Korea to the Bank of Korea and for such other purposes as may be agreed upon. The hwan costs of distributing aid goods as relief may be financed within the ROK budget by authorized releases from the counterpart fund.

4. The Combined Economic Board, on the basis of recommendations submitted by the appropriate committees, shall establish accounting and other procedures to assure attainment of these objectives. It is agreed that significant shortfalls in collections will require review of the investment program in light of the attainment of financial stabilization.

5. The Combined Economic Board shall accept as a primary objective the reduction and ultimate elimination at the earliest feasible date of exceptions agreed to under the provisions of paragraph 2 above, and shall instruct the appropriate Combined Economic Board committees to study and make recommendations designed to attain this objective.

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¹ Printed materials may be secured in the United States from the International Documents Service, Columbia University Press, 2960 Broadway, New York 27, N. Y. Other materials (mimeographed or processed documents) may be consulted at certain designated libraries in the United States.

The United Nations Secretariat has established an Official Records series for the General Assembly, the Security Council, the Economic and Social Council, the Trusteeship Council, and the Disarmament Commission, which includes summaries of proceedings, resolutions, and reports of the various commissions and committees. Information on securing subscriptions to the series may be obtained from the International Documents Service.

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THE FOREIGN SERVICE

Resignation of Ambassador Warren Lee Pierson

Press release 679 dated December 29

Following is an exchange of correspondence between Secretary Dulles and Warren Lee Pierson upon the completion of Mr. Pierson's work as United States delegate to the Tripartite Commission on German Debts:

Secretary Dulles to Mr. Pierson

DECEMBER 23, 1953

MY DEAR MR. PIERSON:

I have your letter of November 20, 1953 wherein you submit your resignation as the United States Delegate to the Tripartite Commission on German Debts, the work of which was concluded successfully upon the entry into force on September 16, 1953 of a series of intergovernmental agreements designed to settle Germany's external debts.

When you were called upon to serve on the Tripartite Commission on German Debts it was not expected that you would be required to devote so much time and effort to the work of the Commission. As the negotiations progressed, however, conflicting interests arose and numerous problems of a very complex nature developed. The fact that settlement arrangements were finally worked out which are satisfactory to all parties at interest and which have reasonable prospects of fulfillment, may be regarded as a truly remarkable achievement and a tribute to your able leadership of the United States Delegation. The successful settlement of this problem is a major step forward in the attainment of our political objectives in Europe.

In view of the fact that the work of the Commission has been completed, I accept your resignation as United States Delegate to the Tripartite

Commission on German Debts with the personal rank of Ambassador.

Sincerely yours,

JOHN FOSTER DULLES

Mr. Pierson to Secretary Dulles

NOVEMBER 20, 1953

The Honorable
The Secretary of State

SIR:

I have the honor to submit herewith my resignation as United States Delegate to the Tripartite Commission on German Debts with the personal rank of Ambassador, to which I was appointed on June 16, 1951.¹

The Tripartite Commission on German Debts was established by the Governments of the Republic of France, the United Kingdom of Great Britain and Northern Ireland and the United States of America in order to work out a general agreement for the settlement of German external debts.

The Commission held preliminary discussions in June and July 1951 with representatives of the Government of the Federal Republic of Germany and with representatives from some of the principal creditor countries.

In December 1951 the Commission reached a decision with the German Government on terms for the settlement of claims of the three Governments for post-war economic aid furnished to Germany.²

The Commission then summoned a general conference which assembled in February 1952 at London to consider a settlement of Germany's pre-war debts. Over 25 creditor countries were represented at the Conference and representatives of private creditor groups also participated. In spite of the great complexity of the problems which faced the Conference and the number of interests which had to be reconciled, a report was adopted in August 1952 which received the unanimous agreement of all the creditor interests involved.³

Thereafter a series of agreements were drawn up based upon the recommendations of the London Conference, which I signed on behalf of the United States Government at London on February 27, 1953.⁴ The Agreements were submitted to the United States Senate for its advice and consent for ratification.

I participated in the hearings before the Senate Foreign Relations Committee in June 1953. The

¹ BULLETIN of July 2, 1951, p. 35.

² *Ibid.*, Dec. 24, 1951, p. 1021.

³ *Ibid.*, Aug. 18, 1952, p. 252.

⁴ For an announcement of the signing, see *ibid.*, Mar. 9, 1953, p. 373.

Agreements received Senate approval shortly thereafter. The necessary formalities having been completed, the Agreements entered into effect on September 16, 1953.⁵ Within a brief time, as an auspicious beginning, the Federal Republic of Germany deposited about \$17 million as the initial payment on obligations owed to this Government and to the holders of German dollar obligations in accordance with the terms of the agreements.⁶

The assignment was a challenging one, and it is a source of great personal satisfaction to me that it proved possible to find a solution to the problem of the German external debt which appears to have reasonable prospects of fulfillment. I consider that the task which was assigned to me has been completed. I wish to express my appreciation for the support which was given me by the Department and the members of my staff.

Sincerely yours,

WARREN LEE PIERSON

Security Council Again Postpones Trieste Discussion

*Statement by James J. Wadsworth
Deputy U.S. Representative to the U.N.⁷*

U.S./U.N. press release dated December 14

The Council has met on three occasions during the past 2½ months under this item, with the

⁵ *Ibid.*, Sept. 28, 1953, p. 419; Oct. 12, 1953, p. 479.

⁶ *Ibid.*, Nov. 2, 1953, p. 598.

result each time that considerations outside the direct purview of this Council have indicated the advisability of postponement. During this period, we are pleased to note, there has been a considerable decrease in the tension which has at times characterized the relations in this area.

A very notable example of the relaxation of tension is the withdrawal of troops by both sides. Other significant measures have likewise contributed to the relaxation of tension.

The members of the Security Council are aware, of course, that diplomatic discussions have been underway for some time to find a peaceful solution for the present difficulties with regard to the problem of Trieste. It is the firm belief of the United States Government that no useful purpose would be served by a further consideration of the Trieste item in the Security Council at this time. Discussions looking toward the means for achieving a peaceful solution are of course continuing. We are hopeful that fruitful results will be achieved.

For these reasons, Mr. President, I move that the Council decide at this time to postpone further consideration of the Trieste item pending the outcome of the current efforts to find a solution for this important matter.⁸

⁷ Made in the Security Council on Dec. 14.

⁸ The Council voted on Dec. 14 to postpone further consideration indefinitely.

American Principles. Mindszenty Case Remains Before World's Conscience 47

American Republics. Mutual Economic Progress in the Americas (Cabot) 48

Asia. China in the Shadow of Communism (McConaughy). 39

Canada. Limitation Placed on Oats Imports 56

China. China in the Shadow of Communism (McConaughy) 39

Economic Affairs
 Agreement Reached on Program for Strengthening Korean Economy (text of agreement) 65
 Credit Extended to Japan for Purchase of Cotton 57
 Extension of Migrant Labor Agreement With Mexico 53
 Limitation Placed on Oats Imports (proclamation) 56
 Mutual Economic Progress in the Americas (Cabot) 48
 Official Termination of International Materials Conference 60
 Tariff Arrangement With Uruguay (proclamation) 53
 U.S. Continues Efforts Toward Return of Lend-Lease Vessels by U.S.S.R. 44

Foreign Service. Resignation of Ambassador Warren Lee Pierson 69

France. Election of President of French Republic 47

Haiti. Commemoration of Haiti's 150 Years of Independence (Dulles) 53

Hungary. Mindszenty Case Remains Before World's Conscience 47

International Information. U.S. Bans Publications of Rumanian Legation. 47

International Organizations and Meetings
 Agreement Reached on Date for Four-Power Meeting (texts of notes) 43
 Appointments to U.S. National Commission for UNESCO 60
 Official Termination of International Materials Conference 60

Israel. Issues Involved in Syrian Complaint (Lodge) (text of resolution) 58

Japan. Credit Extended to Japan for Purchase of Cotton 57

Jordan. Agreement Providing for Wheat Shipments to Jordan (texts of notes) 55

Korea
 Agreement Reached on Program for Strengthening Korean Economy (text of agreement) 65
 Withdrawal of Two U.S. Divisions From Korea 42

Laos. Viet Minh Penetration of Laos (Dulles) 43

Mexico. Extension of Migrant Labor Agreement With Mexico 53

Military Affairs
 Command Report (74th) 61
 Withdrawal of Two U.S. Divisions From Korea 42

Mutual Security
 Agreement Providing for Wheat Shipments to Jordan (texts of notes) 55
 Agreement Reached on Program for Strengthening Korean Economy (text of agreement) 65

Presidential Documents
 Limitation Placed on Oats Imports (proclamation) 56
 Tariff Arrangement With Uruguay (proclamation) 53

Rumania. U.S. Bans Publications of Rumanian Legation 47

Syria. Issues Involved in Syrian Complaint (Lodge) (text of resolution) 58

Treaty Information
 Agreement Providing for Wheat Shipments to Jordan (texts of notes) 55
 Agreement Reached on Program for Strengthening Korean Economy (text of agreement) 65
 Extension of Migrant Labor Agreement With Mexico 53
 Tariff Arrangement With Uruguay (proclamation) 53

Trieste. Security Council Again Postpones Trieste Discussion (Wadsworth) 70

Union of Soviet Socialist Republics
 Agreement Reached on Date for Four-Power Meeting (texts of notes) 43
 U.S. Continues Efforts Toward Return of Lend-Lease Vessels by U.S.S.R. 44

United Nations
 Appointments to U.S. National Commission for UNESCO 60
 Issues Involved in Syrian Complaint (Lodge) (text of resolution) 58
 Justice Halpern To Serve on U.N. Minorities Sub-commission 59
 Security Council Again Postpones Trieste Discussion 70
 U.N. Command Report (74th) 61
 U.N. Documents 67

Uruguay. Tariff Arrangement With Uruguay (proclamation) 53

Name Index

Cabot, John M. 48
 Coty, René 47
 Dulles, Secretary 42, 43, 45, 47, 53, 69
 Eisenhower, President 47, 53, 56
 Halpern, Philip 59
 Lodge, Henry Cabot, Jr. 58
 McConaughy, Walter P. 39
 Mindszenty, Cardinal 47
 Pierson, Warren Lee 69
 Shuster, George 60
 Smith, Walter Bedell 46
 Wadsworth, James J. 70
 Zaronbin, Georgi N. 45

Check List of Department of State Press Releases: December 28-January 3

Releases may be obtained from the News Division, Department of State, Washington 25, D. C. Press releases issued prior to December 28 which appear in this issue of the BULLETIN are Nos. 600 of October 30, 662 of December 16, and 665 of December 21.

No.	Date	Subject
676	12/28	Correspondence on lend-lease.
677	12/29	Dulles; Reduction of troops in Korea.
678	12/29	Dulles; Viet Minh penetration.
679	12/29	Resignation of Warren L. Pierson.
680	12/31	Ban on Rumanian publications.
681	12/31	Migrant labor agreement extended.
682	12/31	Anniversary of Haiti's independence.
1	1/1	Tripartite note to U. S. S. R.

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Vol. XXX, No. 760

January 18, 1954



THE STATE OF THE UNION ● <i>Excerpts from President Eisenhower's Message to the Congress</i>	75
U.N. COMMAND DEFINES POSITION ON NONRE-PATRIATED WAR PRISONERS	90
A SURVEY OF THE ARAB REFUGEE SITUATION .	95
TELECOMMUNICATIONS POLICY AND THE DEPARTMENT OF STATE ● <i>Article by Richard T. Black</i> .	83

For index see inside back cover



The Department of State bulletin

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The Department of State BULLETIN, a weekly publication issued by the Public Services Division, provides the public and interested agencies of the Government with information on developments in the field of foreign relations and on the work of the Department of State and the Foreign Service. The BULLETIN includes selected press releases on foreign policy, issued by the White House and the Department, and statements and addresses made by the President and by the Secretary of State and other officers of the Department, as well as special articles on various phases of international affairs and the functions of the Department. Information is included concerning treaties and international agreements to which the United States is or may become a party and treaties of general international interest.

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The State of the Union

*Message of the President to the Congress (Excerpts)*¹

Mr. President, Mr. Speaker, Members of the Eighty-third Congress:

It is a high honor again to present to the Congress my views on the state of the Union and to recommend measures to advance the security, prosperity, and well-being of the American people.

All branches of this Government—and I venture to say both of our great parties—can support the general objective of the recommendations I make today, for that objective is the building of a stronger America. A Nation whose every citizen has good reason for bold hope; where effort is rewarded and prosperity is shared; where freedom expands and peace is secure—that is what I mean by a stronger America.

Toward this objective a real momentum has been developed. We mean to continue that momentum and to increase it. We mean to build a better future for this Nation.

Much for which we may be thankful has happened during the past year.

First of all we are deeply grateful that our sons no longer die on the distant mountains of Korea. Although they are still called from our homes to military service, they are no longer called to the field of battle.

The Nation has just completed the most prosperous year in its history. The damaging effect of inflation on the wages, pensions, salaries, and savings of us all has been brought under control. Taxes have begun to go down. The cost of our Government has been reduced and its work proceeds with some 183,000 fewer employees; thus the discouraging trend of modern governments toward their own limitless expansion has in our case

been reversed. The cost of armaments becomes less oppressive as we near our defense goals; yet we are militarily stronger every day. During the year, creation of the new Cabinet Department of Health, Education, and Welfare symbolized the Government's permanent concern with the human problems of our citizens.

Segregation in the armed forces and other Federal activities is on the way out. We have also made progress toward its abolition in the District of Columbia. These are steps in the continuing effort to eliminate interracial difficulty.

Some developments beyond our shores have been equally encouraging. Communist aggression, halted in Korea, continues to meet in Indochina the vigorous resistance of France and of the Associated States, assisted by timely aid from our country. In West Germany, in Iran, and in other areas of the world, heartening political victories have been won by the forces of stability and freedom. Slowly but surely, the free world gathers strength. Meanwhile, from behind the Iron Curtain, there are signs that tyranny is in trouble and reminders that its structure is as brittle as its surface is hard.

There has been in fact a great strategic change in the world during the past year. That precious intangible, the initiative, is becoming ours. Our policy, not limited to mere reaction against crises provoked by others, is free to develop along lines of our choice not only abroad but at home. As a major theme for American policy during the coming year, let our joint determination be to hold this initiative and to use it.

We shall use this initiative to promote three broad purposes: First, to protect the freedom of our people; second, to maintain a strong, growing

¹Delivered on Jan. 7 (H. doc. 251, 83d Cong., 2d sess.). Also available as Department of State publication 5344.

economy; third, to concern ourselves with the human problems of the individual citizen.

Only by real progress toward attainment of these purposes can we be sure that we are on the road to a better and a stronger America. All my recommendations today are in furtherance of these three purposes.

Foreign Affairs

Because our position as a sovereign nation in relationship to other sovereign nations overshadows and influences every other problem to which this Government falls heir, it is appropriate that I should start my specific discussions with the subject of foreign affairs.

American freedom is threatened so long as the world Communist conspiracy exists in its present scope, power, and hostility. More closely than ever before, American freedom is interlocked with the freedom of other people.

In the unity of the free world lies our best chance to reduce the Communist threat without war. In the task of maintaining this unity and strengthening all its parts, the greatest responsibility falls to those who, like ourselves, retain the most freedom and the most strength.

We shall, therefore, continue to advance the cause of freedom on foreign fronts.

In the Far East, we retain our vital interest in Korea. We have negotiated with the Republic of Korea a mutual security pact which develops our security system for the Pacific. I shall promptly submit it to the Senate for its consent to ratification. We are prepared to meet any renewal of armed aggression in Korea.

We shall maintain indefinitely our bases in Okinawa. I shall ask the Congress to authorize continued material assistance to hasten the successful conclusion of the struggle in Indochina. This assistance will also bring closer the day when the Associated States may enjoy the independence already assured by France. We shall continue military and economic aid to the Nationalist Government of China.

In South Asia, profound changes are taking place in free nations which are demonstrating their ability to progress through democratic methods. They provide an inspiring contrast to the dictatorial methods and backward course of events in Communist China. In these continuing efforts,

the free peoples of South Asia can be assured of the support of the United States.

In the Middle East, where tensions and serious problems exist, we will show sympathetic and impartial friendship.

In Western Europe our policy rests firmly on the North Atlantic Treaty. It will remain so based as far ahead as we can see. Within its organization, the building of a united European community, including France and Germany, is vital to a free and self-reliant Europe.

This will be promoted by the European Defense Community, which offers assurance of European security. With the coming of unity to Western Europe, the assistance this Nation can render for the security of Europe and for the entire free world will be multiplied in effectiveness.

In the Western Hemisphere, we shall continue to develop harmonious and mutually beneficial cooperation with our neighbors. Indeed, solid friendship with all our American neighbors is a cornerstone of our entire policy.

In the world as a whole, the United Nations, admittedly still in a state of evolution, means much to the United States. It has given uniquely valuable services in many places where violence threatened. It is the only real world forum where we have the opportunity for international presentation and rebuttal.

It is a place where the nations of the world can, if they have the will, take collective action for peace and justice. It is a place where the guilt can be squarely assigned to those who fail to take all necessary steps to keep the peace. The United Nations deserves our continued and firm support.

Foreign Assistance and Trade

Now, in the practical application of our foreign policy, we enter the field of foreign assistance and trade.

Military assistance must be continued. Technical assistance must be maintained. Economic assistance can be reduced. However, our economic programs in Korea and in a few other critical places of the world are especially important, and I shall ask Congress to continue support in these particular spots in the next fiscal year.

The forthcoming budget message will propose maintenance of the presidential power of transferability of all assistance funds and will ask authority to merge these funds with the regular defense

funds. It will also propose that the Secretary of Defense have primary responsibility for the administration of foreign military assistance in accordance with the policy guidance provided by the Secretary of State.

The fact that we can now reduce our foreign economic assistance in many areas is gratifying evidence that its objectives are being achieved. By continuing to surpass her prewar levels of economic activity, Western Europe gains self-reliance. Thus our relationship enters a new phase which can bring results beneficial to our taxpayers and our allies alike, if still another step is taken.

This step is the creation of a healthier and freer system of trade and payments within the free world—a system in which our allies can earn their own way and our economy can continue to flourish. The free world can no longer afford the kinds of arbitrary restraints on trade that have continued ever since the war.

On this problem I shall submit to the Congress detailed recommendations, after our joint Commission on Foreign Economic Policy has made its report.

Atomic Energy Proposal

As we maintain our military strength during the coming year and draw closer the bonds with our allies, we shall be in an improved position to discuss outstanding issues with the Soviet Union. Indeed we shall be glad to do so whenever there is a reasonable prospect of constructive results.

In this spirit the atomic energy proposals of the United States were recently presented to the United Nations General Assembly.² A truly constructive Soviet reaction will make possible a new start toward an era of peace and away from the fatal road toward atomic war.

Defense

Since our hope for all the world is peace, we owe ourselves and the world a candid explanation of the military measures we are taking to make that peace secure.

As we enter this new year, our military power continues to grow. This power is for our own defense and to deter aggression. We shall not be aggressors, but we and our allies have and will maintain a massive capability to strike back.

Here are some of the considerations in our defense planning:

First, while determined to use atomic power to serve the usages of peace, we take into full account our great and growing number of nuclear weapons and the most effective means of using them against an aggressor if they are needed to preserve our freedom.

Our defense, therefore, will be stronger if, under appropriate security safeguards, we share with our allies certain knowledge of the tactical use of our nuclear weapons. I urge the Congress to provide the needed authority.

Second, the usefulness of these new weapons creates new relationships between men and materials. These new relationships permit economies in the use of men as we build forces suited to our situation in the world today. As will be seen from the budget message on January 21, the air power of our Navy and Air Force is receiving heavy emphasis.

Third, our armed forces must regain mobility of action. Our strategic reserves must be centrally placed and readily deployable to meet sudden aggression against ourselves and our allies.

Fourth, our defense must rest on trained manpower and its most economical and mobile use. A professional corps is the heart of any security organization. It is necessarily the teacher and leader of those who serve temporarily in the discharge of the obligation to help defend the Republic. Pay alone will not retain in the career service of our armed forces the necessary numbers of long-term and able personnel. I strongly urge, therefore, a more generous use of traditional benefits important to service morale. Among these are adequate living quarters and family housing units, and medical care for dependents.

Studies of military manpower have just been completed by the National Security Training Commission and a committee appointed by the Director of the Office of Defense Mobilization. Evident weaknesses exist in the state of readiness and organization of our reserve forces. Measures to correct these weaknesses will be later submitted to the Congress.

Fifth, the ability to convert swiftly from partial to all-out mobilization is imperative to our security. For the first time, mobilization officials know what are the requirements for 1,000 major items needed for military uses.

These data, now being related to civilian re-

² BULLETIN of Dec. 21, 1953, p. 847.

quirements and our supply potential, will show us the gaps in our mobilization base. Thus we shall have more realistic plant expansion and stockpiling goals. We shall speed their attainment. This Nation is at last to have an up-to-date mobilization base—the foundation of a sound defense program.

Another part of this foundation is, of course, our continental transport system. Some of our vital heavy materials come increasingly from Canada. Indeed our relations with Canada, happily always close, involve more and more the unbreakable ties of strategic interdependence. Both nations now need the St. Lawrence Seaway for security as well as for economic reasons. I urge the Congress promptly to approve our participation in its construction.

Sixth, military and nonmilitary measures for continental defense are being strengthened. In the current fiscal year we are allocating to these purposes an increasing portion of our effort, and in the next fiscal year we shall spend nearly a billion dollars more for them than in 1953.

An indispensable part of our continental security is our civil defense effort. This will succeed only as we have the complete cooperation of State governors, city mayors, and voluntary citizen groups. With their help we can advance a cooperative program which, if an attack should come, would save many lives and lessen destruction.

The defense program recommended in the 1955 budget is consistent with all the considerations that I have just discussed. It is based on a new military program unanimously recommended by the Joint Chiefs of Staff and approved by me following consideration by the National Security Council. This new program will make and keep America strong in an age of peril. Nothing should bar its attainment.

The international and defense policies which I have outlined will enable us to negotiate from a position of strength as we hold our resolute course toward a peaceful world. We turn now to matters which are more definitely domestic in character, though well realizing that our situation abroad affects every phase of our daily lives—from the amount of taxes to our very state of mind.

Internal Security

Under the standards established by the new employee security program, more than 2,200 em-

ployees have been separated from the Federal Government. Our national security demands that the investigation of new employees and the evaluation of derogatory information respecting present employees be expedited and concluded at the earliest possible date. I shall recommend that the Congress provide additional funds where necessary to speed these important procedures.

From the special employment standards of the Federal Government I turn now to a matter relating to American citizenship. The subversive character of the Communist Party in the United States has been clearly demonstrated in many ways, including court proceedings. We should recognize by law a fact that is plain to all thoughtful citizens—that we are dealing here with actions akin to treason, that when a citizen knowingly participates in the Communist conspiracy he no longer holds allegiance to the United States.

I recommend that Congress enact legislation to provide that a citizen of the United States who is convicted in the courts of hereafter conspiring to advocate the overthrow of this Government by force or violence be treated as having, by such act, renounced his allegiance to the United States and forfeited his United States citizenship.

In addition, the Attorney General will soon appear before your committees to present his recommendations for needed additional legal weapons with which to combat subversion in our country and to deal with the question of claimed immunity.

Strong Economy

I turn now to the second great purpose of our Government: Along with the protection of freedom, the maintenance of a strong and growing economy.

The American economy is one of the wonders of the world. It undergirds our international position, our military security, and the standard of living of every citizen. This administration is determined to keep our economy strong and to keep it growing.

At this moment, we are in transition from a wartime to a peacetime economy. I am confident that we can complete this transition without serious interruption in our economic growth. But we shall not leave this vital matter to chance. Economic preparedness is fully as important to the Nation as military preparedness.

Subsequent special messages and the economic report on January 28 will set forth economic plans

of the administration and its recommendations for congressional action. These will include flexible credit and debt management policies; tax measures to stimulate consumer and business spending; suitable lending, guaranteeing, insuring, and grant-in-aid activities; strengthened old age and unemployment insurance measures; improved agricultural programs; public works plans laid well in advance; enlarged opportunities for international trade and investment. This enumeration of these subjects only faintly hints the vast amount of study, coordination, and planning, to say nothing of authorizing legislation, that all together will make our economic preparedness complete.

If new conditions arise that require additional administrative or legislative action, the administration will still be ready. A government always ready to take well-timed and vigorous action, and a business community willing, as ours is, to plan boldly and with confidence, can between them develop a climate assuring steady economic growth.

Conclusion

I want to add a final word about the general purport of these many recommendations, which are not in any sense exclusive. Others will from time to time be submitted to the Congress.

Our Government's powers are wisely limited by the Constitution; but quite apart from those limitations there are things which no government can do or should try to do.

A government can strive, as ours is striving, to maintain an economic system whose doors are open to enterprise and ambition—those personal qualities on which economic growth largely depends. But enterprise and ambition are qualities which no government can supply. Fortunately no American government need concern itself on this score; our people have these qualities in good measure.

A government can sincerely strive for peace, as ours is striving, and ask its people to make sacrifices for the sake of peace. But no government can place peace in the hearts of foreign rulers. So it is our duty to ourselves and to freedom it-

self to remain strong in all those ways—spiritual, economic, military—that will give us maximum safety against the possibility of aggressive action by others.

No government can inoculate its people against the fatal materialism that plagues our age. Happily, our people, though blessed with more material goods than any people in history, have always reserved their first allegiance to the kingdom of the spirit, which is the true source of that freedom we value above all material things.

But, ladies and gentlemen of the Congress, a government can try, as ours tries, to sense the deepest aspirations of the people and to express them in political action at home and abroad. So long as action and aspiration humbly and earnestly seek favor in the sight of the Almighty, there is no end to America's forward road; there is no obstacle on it she will not surmount in her march toward a lasting peace in a free and prosperous world.

Foreign Policy Conference Held at White House

*Statement by James C. Hagerty
Press Secretary to the President*

White House press release dated January 5

At the invitation of the President a conference of the legislative leaders of both parties was held at the White House on January 5.

At the conference the Secretary of State presented a summary by areas of world conditions and the effect those conditions will have on the foreign policy of the United States.

The Director of the Foreign Operations Administration then summarized the work of his agency, particularly as it will deal with the request for foreign military, economic, and technical assistance which the administration will make at this session of the Congress.

Finally, the Secretary of Defense outlined the defense plans of the administration including a recitation of the general steps by which the program is to be carried out.

A general discussion and exchange of views was held thereafter on these three presentations.

Reply From U.S.S.R. on Atomic Energy Proposal

Following are the texts of a statement made to correspondents on January 6 by Henry Suydam, Chief of the News Division, and a statement handed to Ambassador Charles E. Bohlen by Soviet Foreign Minister V. M. Molotov on December 21:

STATEMENT BY MR. SUYDAM

The State Department confirms that the Soviet Foreign Minister, Mr. [Vyacheslav M.] Molotov, has advised the U.S. Secretary of State through the U.S. Embassy at Moscow that the Soviet Government is prepared to exchange views on procedural questions concerning the forthcoming conversations on the question of atomic energy at Washington through Ambassador [Georgi N.] Zaroubin.

Secretary Dulles expects to proceed at an early date to have the procedural conversations which the Soviet Government has indicated would be acceptable to it.

The foregoing involves the acceptance by the Soviet Union of a suggestion which Secretary Dulles had communicated to Foreign Minister Molotov.

SOVIET GOVERNMENT'S STATEMENT OF DECEMBER 21

[Unofficial translation]

In his speech before the United Nations General Assembly on December 8,¹ President Eisenhower of the United States of America dwelt on the problem of the atomic arms race.

With good reason, the United States President emphasized the danger for the peoples of the world of the situation created if governments do not take measures against the atomic arms race. This is all the more correct now when, in addition to atomic weapons, there have already been created hydrogen weapons which greatly surpass the atomic in their power. One must also not forget such new types of armament as rocket weapons which current technology permits to be used over thousands of kilometers without resort to airplanes, and also torpedoes with atomic warheads, et cetera.

The discovery of the practical possibility of using atomic energy is the greatest achievement of contemporary science and technology. Both the possibility of using atomic energy for military purposes and the possibility of its use for peaceful purposes have been opened up. Up to recent times, attempts have been made for the most part to use atomic energy for the production of armaments. Meanwhile, humanity is interested in having atomic energy used only for peaceful needs and in preventing the use of atomic energy for those purposes which are contrary to popular honor and conscience, like mass destruction of people and barbaric ruin of cities.

Almost 30 years ago the governments of 49 states

reached an agreement and signed the Geneva Protocol of 1925 regarding the prohibition of the use of chemical and bacteriological weapons, having recognized as a crime the use of such weapons of mass destruction of people. This agreement between governments, signed also by the Soviet Union in its turn, produced positive results.

Everyone knows that during the First World War there were widely used such weapons of mass destruction of people as suffocating and poisonous gases and also other types of chemical weapons whose use has met with decisive popular condemnation. Even at that time there was also imminent the threat of the use of injurious bacteriological weapons serving the purpose of infecting peaceful inhabitants of cities with gravest illnesses, a situation with which the conscience of the great majority of people could not reconcile itself. This gave rise to the necessity for international agreement in the form of the above-mentioned Geneva Protocol which condemned and prohibited the use of chemical and bacteriological weapons in war.

If it had not been for this Protocol, signed by 49 states although still not ratified by all states, it is completely obvious that there would have existed no restraining factor whatsoever against the use of chemical and bacteriological weapons in the Second World War as well. The fact that in the Second World War not a single government decided to use chemical and bacteriological weapons shows that the above-mentioned agreement among states directed against chemical and bacteriological weapons had a favorable effect. At the same time it goes without saying that one must not belittle the fact that, taking their stand upon this international agreement, the states of the anti-Hitler coalition firmly announced that attempts by the enemy to use chemical weapons in war would be given a crushing repulse.

The observations which have been made are also fully applicable to atomic and hydrogen weapons. It is known that the United Nations do not classify these weapons with conventional types of armament but consider them as a special type of weapons, weapons of mass destruction.

One can understand the fact that President Eisenhower, who is known as one of the outstanding military leaders in the last World War, has emphasized the destructive power of atomic weapons. It is also necessary to bear in mind that the significance of this problem is acquiring still greater force with the passage of time.

It would be completely incomprehensible if states which have atomic or hydrogen weapons did not attach the requisite significance to the question of prohibition of atomic and hydrogen weapons, like other types of weapons of mass destruction, or if they were to put off until some undetermined future time the achievement of international agreement on this question. Such an approach to this important and urgent problem could find no justification.

The Soviet Union is consistently struggling for the prohibition of atomic weapons and, in addition, for the significant reduction of all other types of armaments. This corresponds with the policy of the Soviet Government which is directed toward the prevention of a new war and the strengthening of peace and cooperation among peoples.

In his speech regarding atomic weapons on December 8, the President of the United States of America noted the great significance of the problem of easing international tension and the creation of an atmosphere of mutual peaceful trust. This is also in accordance with the views of the Soviet Government which unswervingly is striving to contribute to the lessening of tension in international relations and to assure the strengthening of peace in the whole world.

In order to achieve successes in this course, mutual efforts to remove factors interfering with the lessening of tension in international relations are necessary. As regards the Soviet Union, we are doing everything to concentrate the labor of the Soviet people and our material resources on the solution of the new gigantic tasks of further raising the peaceful economy and the culture of the country and further to widen international economic co-

¹ BULLETIN of Dec. 21, 1953, p. 847.

operation on the bases of equal rights and mutual advantage. The Soviet Union is one of those States which are striving toward the development of healthy trade and which decisively condemn the policy which has discredited itself in this field of discrimination and pressure on economically dependent countries. The interests of the foreign policy of the Soviet Union do not demand the creation of military blocs and alliances directed against any other states, nor does it demand the establishment of military bases on the territory of other states. The Soviet Union considers incompatible with normal relations between states the policy which would mean support of diversionary subversive acts in other countries or financing of agents-saboteurs. Efforts to improve relations between states should have led to mutual recognition of these principles which cannot contradict the national interests of any state and which at the same time fully accord with the interests of strengthening peace and international security.

Specifically for this reason the Soviet Government considers so important not only the forthcoming conference in Berlin but also the conference of five powers with the participation of the Chinese People's Republic, since in present circumstances only the joint efforts of all great powers together with the efforts of other states can assure the lessening of tension in the whole international situation and appropriate solution of individual international problems which have come to a head. This also accords with the Charter of the United Nations under which special responsibility for preserving the peace and international security is laid on five states: the United States of America, England, France, the U. S. S. R. and China. In addition, it is completely evident that at the present time specifically the Chinese People's Republic should represent the great Chinese people in the United Nations.

Wishing to assist in raising the role and authority of the United Nations in strengthening universal peace, it follows that one must display special pertinacity in bringing together the positions of the five great powers on the question of cutting short the race in atomic and all other armaments. Any step toward agreement between these powers both regarding the removal of the danger of the use of atomic or hydrogen weapons and regarding the cutting short of the armaments race in general would undoubtedly be unanimously supported by all the United Nations. Above all, there are present in this course important possibilities for lessening tension in the international situation and for the strengthening of peace.

Having stated his opinion concerning the significance of atomic weapons, President Eisenhower spoke of the desirability of holding appropriate confidential or diplomatic conversations among interested states.

In addition, President Eisenhower advanced the proposal that appropriate states should immediately begin to transfer and in the future continue to transfer for the use for peaceful purposes "from their stockpiles of normal uranium and fissionable materials to an international atomic energy agency" which would be under the auspices of the United Nations. In this proposal, in addition, it is indicated that this international atomic energy agency "could be made responsible for the impounding, storage and protection of the contributed fissionable and other material."

It is necessary to examine the significance of this proposal.

First, this proposal means that from existing and newly created reserves of atomic materials it is proposed to allot for peaceful purposes only a "certain" small part. From this it follows that the principal mass of atomic materials will as before be directed toward the production of new atomic and hydrogen bombs and that there will remain the full possibility of further stockpiling atomic weapons and for the creation of new types of these weapons with still greater destructive force. Consequently, this proposal in its present form in no way ties the hands of the states which can produce atomic and hydrogen weapons.

Secondly, the proposal of President Eisenhower in no

way limits the very possibility of using atomic weapons. Acceptance of this proposal in no way limits an aggressor in using atomic weapons for any purposes and at any time. Consequently this proposal in no measure lessens the danger of atomic attack.

Thus, one must conclude that in its present form the proposal advanced by the United States neither stops the growing production of atomic weapons nor limits the possibility of using these weapons. In evaluating the actual significance of the proposal in question, one cannot but take this into account.

This proposal would have other significance if it proceeded from the recognition of the necessity for the prohibition of atomic weapons, which are weapons of aggression. But in the speech of the President of the United States of America, there is no reference to the necessity for the prohibition of atomic weapons. The question of prohibiting atomic weapons is passed over in this speech despite the fact that President Eisenhower emphasizes the special danger of atomic weapons which exists for the peoples of the entire world in the present atomic age.

The question arises as to whether one can speak of the necessity of lessening international tension and at the same time pass over the problem of outlawing atomic weapons. To this question, there cannot be two different answers. All who are striving for the lessening of tension in international relations and for the strengthening of peace cannot but demand that governments achieve the most rapid and positive solution of this problem.

It is well known that the anxiety felt by peoples is principally connected with the possibility of the outbreak of atomic war, the danger of which it is impossible to remove without the prohibition of atomic weapons. From the very beginning of its existence this has been recognized by the United Nations which has spoken of the necessity of the prohibition of atomic weapons.

No one can deny the difficulties involved in solving this task. However, it cannot be said that the United Nations and primarily those states particularly concerned have made sufficient effort to reach international agreement on the question of prohibiting atomic weapons and establishing effective international control for enforcing this prohibition. Therefore, it would not be possible to explain to peace-loving peoples a situation in which the solution of this question was further delayed, or if this question were passed by despite its extreme acuteness at this time.

That is why the Soviet Government, as before, considers that the unconditional prohibition of atomic and hydrogen weapons and other weapons of mass destruction as well as simultaneous establishment of strict international supervision over this prohibition is a most important and urgent problem. All peace-loving peoples are interested in the speediest solution of this problem.

If all this means that only a small part of atomic material will be used for peaceful purposes but that the principal mass of these materials, the quantity of which is growing ceaselessly, will be used for the production of increasingly destructive atomic weapons, then the danger of atomic warfare is in no way lessened. This can serve to weaken the people's vigilance with regard to the problem of atomic weapons but cannot contribute to reduction of the real danger of atomic warfare.

If an agreement between states means that only a certain small part of atomic materials is to be allocated for peaceful purposes, while the production of atomic weapons will continue to be limited by nothing, then such an international agreement would, in fact, give direct approval to the production of atomic weapons. International approval of the production of atomic weapons would well suit aggressive forces. Such a situation not only would not make easier achievement of agreement on prohibition of atomic weapons but, on the contrary, would also be a new barrier to the achievement of the aforementioned agreement.

Since we are striving to strengthen the peace, neither the weakening of vigilance with regard to the danger of atomic warfare nor international approval of production of atomic weapons can have a place among our objectives.

For this very reason, it is necessary to recognize that the aim of all peace-loving states is not restricted to allocation of some small part of atomic materials for peaceful purposes. It is essential that not a certain part, but the entire mass of atomic materials be used wholly for peaceful purposes which might open unprecedented possibilities for the development of industry, agriculture, and transport, for the application of very valuable atomic discoveries in medicine, for the improvement of techniques in all areas where applied, and for further and greater scientific progress. Consequently, one should also take into account the fact that the prohibition of atomic and hydrogen weapons and the use of all atomic materials for the peaceful needs of the people, taken together with proper concern for the needs of economically weaker areas, would at the same time facilitate the possibility of obtaining agreement on the question of decisive reduction in conventional armaments. This, in turn, would lead to a tremendous alleviation of the tax burden which people are bearing in connection with the existence in many states of swollen armies, air forces, navies, i. e., in connection with the armament race which is continuing at present.

All this requires recognition of the necessity for the prohibition of atomic weapons together with the establishment of international supervision over enforcement of this prohibition and unconditional renunciation of the use of this weapon. Therefore, the Soviet Government will continue to insist upon the urgency of reaching an appropriate international agreement on this question.

As for the declaration of President Eisenhower concerning confidential or diplomatic conversations in regard to the proposal made by him, the Soviet Government unswervingly following its peace-loving policy expresses its readiness to take part in these conversations. The Soviet Government has always attached great importance to direct conversations between governments with a view to reaching mutually acceptable agreements on questions in dispute in the interest of the strengthening of universal peace.

In this connection the Soviet Government expects that the Government of the United States in conformity with its declaration will give the necessary clarification inasmuch as the proposal of the United States in its substantive parts contains unclear elements and does not envisage the necessity of the prohibition of atomic weapons nor envisage either renunciation of use of this weapon. The Soviet Government is deeply convinced that humanity must and can be spared the horrors of atomic war. Special responsibility in the decision of this task rests on those governments which already possess the power of the atomic weapon. Insofar as the Soviet Union is concerned its position is completely clear. It consists in turning the great discovery of the human mind not against civilization but for its all around progress, not to the mass destruction of peoples but to peaceful needs, for totally assuring the raising of the wellbeing of the population.

The Soviet Government proceeds from the fact that during the course of these discussions there will be examined simultaneously the following proposal of the Soviet Government:

States parties to the agreement, motivated by a desire to reduce international tension, take upon themselves the solemn and unconditional obligation not to use the atomic, hydrogen, or other weapon of mass destruction. The achievement of an international agreement on this question could be an important step on the road to the full withdrawal from the armaments of states of atomic, hydrogen and other forms of weapons of mass destruction with the establishment of strict international control guaranteeing the execution of the agreement for prohibition of the use of atomic energy for military purposes. The Soviet Union, imbued with deep concern for the protection of humanity against the death-dealing atomic and hydrogen weapons, will do everything in its power to the end that this weapon will never be turned against people.

Facing the New Year With Confidence

Statement by Secretary Dulles¹

As we look ahead, we can have confidence that the next year will make peace and justice more secure. During the year that ends, we have already made great progress and our society of freedom has gained in moral initiative over the forces of reaction.

In Korea the fighting is ended, and we can look forward to 1954 being the first year of peace in Korea since 1949.

In the realm of atomic weapons, President Eisenhower's great address before the United Nations has brought the Soviet Union to agree to take part in talks which may mean a recession of the horror of atomic warfare.

The unnatural and dangerous division of Europe created by the Soviet occupations will, it seems, now be discussed by the Soviet Union despite its efforts over past months to evade this topic.

The unification of Europe becomes at long last a possibility. When, as we expect, this great goal is achieved, then there will be strength and vigor in this home of Western civilization such as it has never known before.

The problems ahead are many and difficult. As we approach them we should all pray for divine guidance. With that we can have confidence that next year will indeed be a Happy New Year.

U.S. Aid to Italy

Press release 4 dated January 6

In response to press inquiries as to assistance to Italy, the Department issued the following statement on January 6:

A substantial program of offshore procurement, which will involve production and employment in Italy, and a limited follow-through program of economic aid including agricultural exports under section 550,² is under active study in the administration. This has been the subject of consultations with Ambassador Luce; with Henry Tasca, Director of U.S. Operations Mission in Italy; and the Chief of the Military Assistance Advisory Group in Italy, General Christianson, during their sessions here in Washington.

Preliminary discussions have also been held with the Government of Italy. It is anticipated that a mutually satisfactory conclusion will be reached.

¹ Broadcast over ABC radio on Jan. 3.

² For the text of sec. 550 of the Mutual Security Act of 1953, see BULLETIN of Nov. 9, 1953, p. 639.

Telecommunications Policy and the Department of State

by Richard T. Black

A moment's reflection will serve to reveal the extent of man's reliance upon the means for a rapid exchange of intelligence. In little more than a century the crude novelties of Morse, Marconi, and Bell have become everyday necessities. In the United States life would be unthinkable for millions of citizens without the telephone. One or more radio receivers are fixtures in almost every home and, as a result of its phenomenal popular acceptance, television is no longer a phenomenon but a commonplace. Less commonly recognized is the staggering demand imposed upon our communications system by the operations of business, industry, and government.

Enormous investments have been made by private industry and by the U. S. Government to meet the need for international communications alone. Foreign trade would occupy a much less significant position in our economy were it not for the easy access to adequate communications facilities enjoyed by commercial interests. In these crucial times the same facilities are indispensable to the Government in maintaining almost instantaneous contact with its listening posts abroad. It is axiomatic that military communications are of the most vital importance, and as an adjunct to the cold war the dissemination of information through broadcasting and other telecommunications¹ services is hardly less significant. The dependence of the press and newsgathering agencies upon overseas communications is so obvious as scarcely to deserve mention. The standards of safety achieved by ocean vessels and more particularly by civil and military aircraft would be impossible in the absence of modern electronic communications and navigational devices.

No clear distinction can be made between national and international communications. At the present stage of technical development, the radio-frequency spectrum is a limited resource incapable

of satisfying the claims of all potential users. Nor can electro-magnetic radio waves be confined within national borders. They travel freely across the earth, interfering with other, similar waves when not controlled by international agreement. The continued expansion of radio, wire, and cable facilities is necessarily accompanied by negotiations for their construction, maintenance, and use.

In no field of scientific advance is the technological shrinking of the world more apparent than in telecommunications; in none is the need for co-operative leadership more pressing. Within the United States the limited resources of communications are sought by a number of claimant agencies, each of whose needs must be evaluated and somehow met. The responsibility for this task is shared between the President, acting through various government agencies of the Executive branch, and the Congress, principally through the Federal Communications Commission. Wherever domestic requirements impinge upon the corresponding requirements of other countries, there must be a focal point for the coordination of interests. Under its overall responsibility for the conduct of foreign affairs, the Department of State, and within the Department the Telecommunications Policy Staff, is charged with this coordinating function. Internationally, the common meeting ground for the exposition and resolution of telecommunications problems is found within the framework of the International Telecommunication Union, (ITU) a specialized agency of the United Nations.

The International Telecommunication Union derives from the earlier International Telegraph Union, which was established in 1865. The earliest of the international organizations boasting a continuously operating administrative structure, the Telegraph Union exerted a substantial influence upon the structure of later organizations, notably the League of Nations. Although the original aims of the Union were modest, being primarily concerned with wire telegraphy on the European continent, the creation of such an organization was indicative of the need for international cooperation in the orderly development of com-

¹In annex 2 of the International Telecommunication Convention (Atlantic City, 1947) "telecommunication" is defined as any transmission, emission, or reception of signs, signals, writing, images and sounds, or intelligence of any nature by wire, radio, visual, or other electro-magnetic systems.

munications. With the emergence of radio the Union attracted worldwide participation.

Prince Henry's Plight

The first International Radio Conference was held at Berlin in 1903 as a result of difficulties experienced by Prince Henry of Prussia during his voyage home after a visit to the United States. His attempts to send a courtesy message to President Theodore Roosevelt were thwarted by the refusal of the British Marconi Company to transmit traffic from a ship station of its German competitor. When advised of this incident, the German Emperor enlisted the support of President Roosevelt in efforts to reach an international agreement prohibiting the refusal by shore stations of messages from ships at sea.

The resulting protocol embodied this principle and others which remain the basic law of international radio regulations to this day—notably, the recognition of priority for distress calls, the regulation of radio services to avoid interference between stations, and the exemption of military services from the radio regulations except for the provisions relating to distress calls and interference. Significant progress was made in 1927 when the first international table of radio-frequency allocations was adopted. In spite of limitations imposed by established ship services in the high-frequency range and by the existence of many mixed service stations, a guide was thus formulated for policing the radio spectrum. The administrative consolidation of principles and regulations governing the operations of radio, telephone, and telegraph eventually was accomplished by the Madrid Telecommunications Convention of 1932, at which time the Telegraph Union was supplanted by the International Telecommunication Union.

As new techniques were developed, higher frequency bands were opened up. Improved navigational aids, aeronautical communications, land mobile stations, television, and FM broadcasting services made their appearance or reached promising stages of development. The exigencies of World War II were met by great technical advances and a consequent further increase in the demand for high frequencies. The resulting overcrowding of the high-frequency broadcasting bands created serious interference problems.

To cope with the expanding services and the disorder occasioned by the war, a further International Telecommunication Conference was convened in 1947 at Atlantic City, N. J.² Probably the most important single accomplishment of the conference was the general acceptance of a new frequency allocation table. By now, however, the structure of the Union itself was seriously inade-

quate and a drastic reorganization was brought about by the new International Telecommunication Convention. This convention established the Plenipotentiary Conference as the supreme organ of the International Telecommunication Union. The Plenipotentiary Conference normally meets once every 5 years; the first meeting was held in 1952 at Buenos Aires, where a slightly revised convention was signed.³

The Atlantic City Convention made further provision for an Administrative Council which meets at least once a year to insure the continuity of functions between plenipotentiary conferences. Through the instrument of the Council the Union is able to deal promptly with problems of policy. The Bureau of the Union was reorganized into a General Secretariat with increased responsibilities, and the three permanent technical committees, which conduct studies and issue recommendations on technical, operating, and tariff questions, were brought into a closer relationship with the Union. These three committees are the International Telegraph Consultative Committee, the International Telephone Consultative Committee, and the International Radio Consultative Committee. Corresponding to their work and subordinate to the Convention are three sets of international technical regulations which provide a uniform code of operations for the international telegraph, telephone, and radio industries. The regulations are periodically revised at administrative conferences held every 5 years.

A major innovation of the International Telecommunication Convention of 1947 was the creation of an International Frequency Registration Board (IFRB) of 11 members to give further impetus to the economic use of radio frequencies. The fundamental concept of such a board was embodied in United States proposals at Atlantic City. Although the Board as finally constituted differs in some aspects from that envisaged by the United States, it has shown promise of becoming an exceedingly useful instrument in the resolution of international frequency problems.

U.S. Leadership in Telecommunications

It is not surprising that the United States is the greatest user of world telecommunications facilities. The vastly increased scope of U.S. participation in world affairs, the assumption of larger international responsibilities, the influence exerted by U.S. private and public agencies abroad, and the resulting amplified role of communications have left this Government no choice

³ *International Telecommunication Convention*, Buenos Aires 1952, containing Final Protocol to the Convention, Additional Protocols to the Convention, Resolutions, Recommendations and Opinion, published by General Secretariat of the International Telecommunication Union, Geneva, 1953; also available as S. Exec. R., 83d Cong., 1st Sess.

² For an article on the conference, see BULLETIN of Nov. 30, 1947, p. 1033.

but to assume active and energetic leadership in all phases of international telecommunications activities.

For a number of years the Department of State was concerned primarily with the legal aspects of telecommunications arising as a consequence of this country's participation in a number of conventions and agreements and, eventually, its membership in the International Telecommunication Union. Accordingly, the related Departmental functions were assigned to the Treaty Division in 1935. By 1938 the increasing complexity of problems having both political and economic implications led to the incorporation of telecommunications responsibilities in the newly created Division of International Communications. In the face of war-occasioned burdens and the prospect of their continuation in the postwar period, further adjustments were made with the establishment of the Office of Transport and Communications in January 1944, at which time the Telecommunications Division, now the Telecommunications Policy Staff, was created.

It is the objective of the Department to achieve a telecommunications policy which parallels the political and economic foreign policy of the United States with the specific aim of insuring that the Government, private organizations, and citizens are afforded the opportunity to compete on an equitable basis for the use of available communications facilities in order that each may receive the maximum benefits consistent with a fair return for services rendered. This concept involves negotiations for the establishment and regulation of facilities which will most effectively serve and protect the communications interest of the United States; opposition to discriminatory practices in this field wherever they may arise; and the advocacy of low, uniform rates which will provide adequate revenue to the private operating companies. The Telecommunications Policy Staff is responsible for the initiation and coordination of policy activities which will achieve these objectives in coordination with the Federal Communications Commission, the Department of Defense, and other departments and agencies concerned.

The Chief of the Telecommunications Policy Staff represents the United States on the Administrative Council of the International Telecommunication Union. In the fulfillment of other responsibilities the Staff is represented on numerous interdepartmental committees. The Telecommunications Coordinating Committee, for example, was established in 1946, principally to advise the Department of State on problems of international telecommunications policy. It acts only in an advisory capacity but can take final action when specifically authorized by unanimous concurrence of all government agencies represented by its membership. Its chairman is the Director of the Office of Transport and Communications, and its members include representa-

tives from the Departments of the Treasury, Army, Navy, Air Force, and Commerce, and the Federal Communications Commission, and an observer from the Bureau of the Budget.

One of the oldest of the U.S. telecommunications coordinating mechanisms is the Interdepartmental Radio Advisory Committee (IRAC) which was created in 1922. Under law the President is responsible for assigning radio frequencies for use by U.S. Government stations. Such assignments are accomplished periodically through the instrument of Executive orders. In actual practice, the IRAC, as a Presidential advisory agency, may be said to assign frequencies to government radio stations, thus paralleling the similar function performed by the Federal Communications Commission in relation to nongovernment stations. In addition to its frequency assignment functions, the IRAC furnishes advice and assistance to the President and the Federal agencies on various technical matters of interagency interest. One of its current major activities relates to plans for the frequency-band clearance and frequency shifts required to implement the frequency-allocation table in the Atlantic City Radio Regulations of 1947.

International Allocation of Frequencies

This allocation plan grew out of intensive efforts by the members of the ITU in recognition of the serious need for a greatly expanded allocation table. Differing little in its fundamentals from previous plans, it nonetheless accomplished the tremendous task of scientifically allocating frequency bands to all existing radio services. Particular provision was made for additional exclusive frequency bands for the international broadcasting and aeronautical services. Having spent more than 4 months in the development of the allocation table, the conferees were unable to proceed to the next stage, the implementation of the table through assignment of specific frequencies to the hundreds of stations to be accommodated within the broad allocations by services. Instead, the conference created a temporary body known as the Provisional Frequency Board (PFB) for the purpose of formulating an international frequency list which would attempt to provide for the legitimate needs of all countries on the basis of sound engineering principles.⁴ It was intended that as many countries as possible be represented on this Board, which commenced work in Geneva in January 1948. The United States was represented by a large delegation of engineers from government and private industry.

In view of the size and complexity of the problem, it had been further provided that frequency lists for certain bands should be prepared by special conferences convened for that purpose. Thus,

⁴ For an article on the work of the Board, see BULLETIN of Apr. 9, 1951, p. 593.

two conferences were held in 1949 and 1950 to prepare a frequency assignment plan for high-frequency broadcasting stations. During 1948 and 1949 conferences convened in Switzerland to develop an aeronautical radio-frequency plan. In addition, efforts were made to reach agreement on frequency assignment plans for the several regions of the world. Of these various conferences only the Aeronautical Administrative Conferences were entirely successful in achieving satisfactory agreements.

The original concept had been that the frequency lists resulting from the special conferences would be incorporated with the master list prepared by the Provisional Frequency Board for final approval by an Extraordinary Administrative Radio Conference which would also establish the date when the Atlantic City frequency allocations would take effect. Unfortunately this concept could not be realized. The task assigned to the Provisional Frequency Board was much more complex than had been envisaged at Atlantic City, largely as a consequence of the narrower frequency bands allotted to the fixed services under the Atlantic City Table. In general the countries of the world submitted frequency requirements far in excess of their actual or foreseeable needs and well beyond the capacity of the frequency spectrum to accommodate the desired services. Furthermore, the work of the PFB was carried out in a period of increasingly disturbed world conditions accompanied by a diminution of sincere cooperative effort. As a result the Extraordinary Administrative Radio Conference scheduled to convene at The Hague in 1950 was postponed. Subsequently, however, a resolution of the ITU Administrative Council proposing that the conference meet at Geneva in August 1951 was overwhelmingly approved by the Union's membership. The conference was convened as scheduled and the resulting agreement was signed on December 3, 1951.

Results of Geneva Conference

Although the PFB had been unable to produce an acceptable master frequency list, it made significant contributions to further progress. Through its efforts the obstacles to implementation of the Atlantic City plan were more clearly defined, and an enormous amount of data was collected with respect to the actual use of frequencies. The impracticability of devising an overall assignment plan had been demonstrated, and the Geneva Conference faced the task of bringing about the desired implementation of allocations by other means.

A possible solution lay in the practical expedient of a gradual implementation based on actual frequency usage and without reference to final dates for the completion of this process. Being less crowded, that portion of the spectrum above 27.5

megacycles presented no great problem. The previously adopted plan for the shifting of the aeronautical mobile services into their allotted bands was available for implementation. Similar accord was reached at the Geneva Conference on a method for transfer of the Maritime Mobile Services into their Atlantic City bands. It was envisaged that, through the evolutionary process of such partial realignments, the fixed, land-mobile, and tropical broadcasting services over a period of time would have no alternative but to conform to their proper allocations, and such has been the encouraging tendency in actual practice.

As the agreed plans have taken effect the gradual occupancy of frequencies previously used by other services has in turn caused the latter to seek frequencies within their allotted bands. It was also agreed to employ the gradual adjustment procedure for high-frequency broadcasting stations, and the International Frequency Registration Board was instructed to prepare an International HF Broadcasting Frequency List on the basis of pre-engineered plans taking into account the actual requirements of all countries.

A further decision was reached that the 1955 session of the Administrative Council should review reports prepared by the IFRB on the progress made under the gradual adjustment process for the fixed, land-mobile, and tropical broadcasting stations and the plans made for the high-frequency broadcasting stations to determine whether or not a definite date could then be established for bringing the Atlantic City Table into force. If so, the Administrative Council would make its recommendation to the ITU membership for its approval. If not, it would consider similar reports from the IFRB at each subsequent session of the Council until it became practical to establish such a date.

In the meantime remarkable progress has been achieved. The United States, having exercised its leadership in the authorship and activation of plans for the orderly sharing of radio frequencies among the nations of the world, must meet its own obligations to conform with those plans. Already more than 50 percent of the changes affecting U.S. services as a result of the EARC agreement have been implemented, and this trend may be expected to continue.

Such advances, though impressive, represent but a small segment's interest in the furtherance of U.S. telecommunications objectives. In the field of radio alone the problems are extremely diverse. There are, for example, more than 2,500 broadcasting stations in the United States. Although it is possible to minimize domestic problems of interference between those stations through the regulatory activities of the Federal Communications Commission, international agreements are necessary to provide the same degree of protection between broadcasting stations in neighboring countries.

Recognizing the seriousness of this mutual problem, the countries of the North American region, namely, Canada, Cuba, the Dominican Republic, Haiti, Mexico, the United Kingdom (in respect of the Bahamas and Jamaica), and the United States, have in the past negotiated agreements designed to harmonize the use of frequencies in the medium-wave broadcasting bands. Two such agreements have already expired by their terms of reference. A third, which was negotiated more than 2 years ago and was signed by all of the countries concerned except Haiti and Mexico, has so far been ratified only by Cuba. In view of the tremendous investments of time and money in U.S. standard-band broadcasting and of its far-reaching influence as an information and advertising medium, the Department believes it highly desirable that this agreement be ratified. In the absence of such an international instrument, the United States inevitably will be faced with difficulties having no legal basis for settlement.

Prospects for International Television

The tremendous strides made in the field of television during the period since World War II are awesomely apparent, particularly in the United States. The continuing expansion of this communications medium again raises questions of an international character. The Department has long recognized that the full potentialities of television will be realized only with the development of unhampered visual communication between nations.

From a technical standpoint, present facilities do not make feasible the widespread international exchange of televised information. During the early stages of research and experimentation, engineers in different countries proceeded independently of each other and as a result television systems became established on varying technical standards. The United Kingdom, for example, employs a system producing an image of 405 lines; France has two systems producing images of 441 and 819 lines; a number of other Western European countries use 625 lines; the United States and a number of Western Hemisphere countries use 525 lines.

In spite of concerted attempts to formulate recommendations for standards permitting the international exchange of television programs, economic and political factors have precluded the universal adoption of existing experimental and publicly operating systems. It is unlikely that complete uniformity will ever be achieved, although recent findings and studies show promise of methods by which television signals may be converted for rebroadcast between countries with differing technical standards. The 525-line and the 625-line systems have a compatibility feature not present in other systems which makes possible the reception of signals from either of the two

systems. Through minor receiver adjustments, the programs of countries employing different systems may thus become available to audiences near international boundaries. It is the policy of the United States to encourage the development of compatible television systems not only in the Western Hemisphere, where progress is encouraging, but among all nations in order that audiences everywhere may someday have access to this extraordinary instrument for understanding between peoples.

Past prophecies in the communications field have been exceeded many times, and it is increasingly difficult to keep pace with the march of technical advancement. The flowering of radio techniques has been accompanied by equally impressive developments in other sectors of the electronics industry. The telephone and ocean cable systems of the world have achieved an enviable record of dependable service, and it is anticipated that their role will continue to increase in importance. The tremendous accretion of communications facilities brought about by radio has not sufficed to accommodate the still greater increase in the need for communications and electronic devices.

A growing number of experts close to the problem of radio frequency management have concluded that the time will come when communications between fixed points of transmission and reception will be carried by wire and cable wherever possible. Through augmented cable facilities it is not unlikely that the telephone subscriber of the future will be heard by his counterpart in London, Paris, or beyond as clearly and conveniently as local callers are heard today. The telegraph sender, already efficiently accommodated, will become the beneficiary of further technological improvements. The communications industry relies upon government for the furtherance of its aims. Through the coordination of overall U.S. interests at home and the promotion of those interests abroad, the Department of State makes its own contribution to the progressive expansion of world telecommunications facilities.

• *Mr. Black, author of the above article, is a foreign affairs officer in the Telecommunications Policy Staff, Office of Transport and Communications Policy.*

Emergency Relief for Hong Kong Fire Victims

Following is the text of a statement made by Harold E. Stassen, Director of Foreign Operations, at a press conference on January 4:

To provide emergency help to some 60,000 escapees from Communist China, whose settlements were gutted by a Christmas fire in the British

Crown Colony of Hong Kong, FOA over the week-end authorized \$150,000 out of its Escapee Program funds toward the procurement of shelter, food, and medical care for the homeless.

The funds are being made available to the relief authorities in Hong Kong through the United States Consul General there. The British Government in Hong Kong has already provided £200,000 (\$500,000) for disaster relief. Other action already taken by the free world to alleviate the distress of escapees from Red China includes a \$10,000 gift from the Pope, in addition to efforts by various voluntary agencies.

President Eisenhower and the United States Congress have long recognized the need for assistance to refugees who have fled the Soviet orbit in pursuit of a life that can be lived in freedom and human dignity. When a catastrophe such as the Christmas fire at Hong Kong strikes, it is a true expression of the humanity of the people of the United States to relieve suffering by helping to provide food, shelter, and medical care for freedom-loving people in distress. I am confident that these United States funds will bring substantial help to the refugees from Red China and give them new hope as the new year begins.

FOA received \$9 million this year for the administration of the escapee and refugee program for relief and resettlement throughout the world. The major efforts to date have been in Western Europe and the Near East. This is the second recent use of funds to assist refugees from Red China.

India's Railway System To Receive FOA Aid

India's railway system, vital to communications within the country, will receive 100 new locomotives and 5,000 new freight cars as part of United States economic aid to India in the current fiscal year, it was announced on December 28 by the Foreign Operations Administration.

An agreement signed in New Delhi by representatives of the FOA Mission to India and the Government of India calls for expenditures of \$20 million of U.S. funds and 32 million rupees (about \$6.73 million) on the project. The Indian Government will deposit the equivalent of \$20 million in rupees in a fund to be used on further development projects agreed to by the Indian and American Governments.

United States funds will go for purchase of the locomotives and freight cars outside of India. It is expected that bids will be received from most countries of the free world having facilities to manufacture railroad rolling stock. Rupee costs will be used for ocean transportation to India, handling costs and assembly of freight cars imported under the agreement.

The project is part of the rehabilitation of

Indian railroads under India's Five Year Plan.

With 34,123 miles of track, the Indian railways system is the fourth largest in the world, exceeded only by the United States, the Soviet Union, and Canada. The system carries 80 percent of internal freight traffic and 70 percent of passenger traffic. It employs more than 900,000 persons. The average daily number of trains is 3,877 and the number of passengers carried more than three million. Because of the pressure of traffic on available facilities, the passenger system is probably the most crowded in the world.

Indian railways have been in operation 100 years. The present situation, calling for replacement of many over-age locomotives, arises largely from the strains placed on the system in World War II. Despite a large increase in volume of traffic, Indian railways, even with their own shortages, released a large number of locomotives and cars for various theaters of war, abroad as well as in India.

Under the 5-year development plan, India has already placed orders for 769 locomotives and will place orders for 500 or more during the last 2 years of the plan. Similarly orders have been placed for 32,293 new freight cars already, and 29,000 more will be ordered in the last 2 years of the plan.

By March 1956, however, some 3,600 locomotives will be over 40 years old. It is estimated that once the accumulated arrears of repairs and replacements are overtaken, the present level of traffic can be moved with about 7,800 locomotives with an average age of 20 years. At this level, replacement requirements will be about 200 locomotives a year, well within the productive capacity of India's two locomotive plants.

Some 73,000 freight cars are over-aged already or will be during the period of the Five Year Plan. The normal annual requirement, once arrears are cleared, would be about 6,000 cars and this also can be met from present manufacturing capacity.

The element of railway transport is closely involved with other sectors of the economic development program now under way in India. Food grains, other agricultural products and mineral products including coal, manganese, and other ores, make up 60 percent of the freight tonnage of the railways. Efficient transport is imperative not only for the sustenance and development of the country but for maintenance of essential exports to foreign countries.

American aid to India in the past 2 years has been devoted primarily to measures to increase agricultural production, a top priority area of the Five Year Plan. This has included import of fertilizer, along with technical assistance for expansion of India's own new Sindri fertilizer plant, the biggest in Asia. It has also included import of iron and steel for farm implements, to augment India's own steel output, and projects for drilling irrigation wells, adding to the thousands already in existence.

Heavy equipment has been imported to help speed up construction of flood control and irrigation dams on India's rivers, for which the country itself is making a large financial outlay. The Indo-American technical program includes also a community development program, to bring better cultivation methods, better health practices, and literacy training to the nation's rural population.

Technical Cooperation Survey in Surinam and British Guiana

The departure of a group of American technicians for Surinam and British Guiana in January to discuss the initiation of programs of technical cooperation for those countries was announced on December 23 by the Foreign Operations Administration.

The survey group is being sent to the two countries in response to requests from their governments which were transmitted to FOA by the Netherlands and the United Kingdom Governments.

Eugene Clay, Director of the Northern Latin American Division of FOA, and W. Alan Laffin, FOA Regional Engineer for Latin America, will head the group. Other members will include specialists in the fields of agriculture, education, health, and community development.

The economy of Surinam is largely agricultural. Its most important products are rice, citrus fruits, coffee, sugar, cocoa, and coconuts. The country has large forests but has not been able to develop its wood industry adequately mainly because of transportation difficulties. As a result, the logging work has been concentrated along the banks of the country's rivers.

The chief mineral being exploited presently is bauxite, and the country is the largest exporter of this material. In 1952, 3 million tons were exported.

The suggested technical cooperation program may involve projects in the fields of agriculture, forestry and fisheries, vocational and agricultural training, housing, internal transportation and distribution, and perhaps public health.

The economy of British Guiana is largely dependent on sugar cane and the government is interested in technical cooperation programs to help improve the standard of living of agricultural workers.

Export-Import Bank Reports on 1953 Activities

The Export-Import Bank of Washington announced on January 7 that during the 6 months ended December 31, 1953, it had made new loan

commitments in the amount of \$172 million for the purpose of promoting the foreign trade of the United States and, in addition, allocated \$12.5 million under credits previously authorized. For the entire calendar year 1953 the bank's new credit commitments amounted to \$559 million.

In this same 6 months period the bank disbursed \$424.3 million under loan authorizations. Disbursements for the calendar year 1953 totaled \$647 million, during which time collection of principal payments on all loans totaled \$305 million.

For the calendar year the total revenue of the bank from interest on loans amounted to \$80 million and expenses amounted to \$26.2 million of which \$25.2 million was paid as interest on funds borrowed from the U. S. Treasury and \$1 million paid out for operating expenses. Deductions of these expenses from gross revenue left net earnings for the calendar year of \$53.8 million and for the final 6 months of \$27.9 million.

In June the Directors approved the payment of a \$22.5 million dividend to the Treasury of the United States representing 2¼ percent on the \$1 billion of capital stock of the bank, all of which is held by the Treasury. This dividend was paid out of the net earnings during the fiscal year ending June 30, 1953. The bank's undivided profits for the 6 months ended December 31, 1953, together with the accumulated reserve for possible contingencies, aggregate \$323.6 million.

The credits authorized during the 6 months ended December 31, 1953, increased the total of credits authorized by the bank from the time of its establishment in February 1934 to \$6.5 billion. As of December 31, 1953, the total amount disbursed under such authorizations was \$4.5 billion. Of this amount \$1.7 billion has been repaid.

Loans outstanding on December 31, 1953, amounted to \$2.8 billion, and the unutilized portion of established active credits was \$519.1 million. The uncommitted lending authority of the bank stood at \$1.1 billion at the year end.

In addition to its operations with its own funds, the Export-Import Bank as agent for the Foreign Operations Administration paid \$34.3 million to the U. S. Treasury during the current calendar year from collections made under provisions of the Economic Cooperation Act of 1948, as amended, relating to approximately \$1.5 billion in loans to 17 countries.

Reorganization Plan No. 5 to Congress,¹ transmitted by the President on April 30, 1953, went into effect on August 5, 1953, when Maj. Gen. Glen E. Edgerton took office as Managing Director and assumed the functions formerly performed by the 5-man Board of Directors. The Managing Director is assisted by a Deputy Director, Lynn U. Stambaugh, and an Assistant Director, Hawthorne Arey.

¹ For text, see BULLETIN of July 13, 1953, p. 49.

U.N. Command Defines Position on Nonrepatriated War Prisoners

Following are the texts of (1) a statement made by General John E. Hull, United Nations Commander, on December 23 and (2) a letter from General Hull delivered on December 28 to General K. S. Thimayya, Chairman of the Neutral Nations Repatriation Commission, setting forth the United Nations Command position on the return to civilian status of nonrepatriated prisoners of war in Korea:

STATEMENT OF DECEMBER 23

The terms of reference for the Neutral Nations Repatriation Commission, signed at Panmunjom on June 8 of this year¹ as an annex to the armistice agreement which later halted armed conflict in Korea, resolved an issue which alone had protracted the cease-fire discussions for more than a year.

The issue was the right of a Pow who resists repatriation to seek asylum and of a detaining power to grant it. This right is based on respect under the law for individual freedom and human dignity. To uphold it the UNC fought throughout the long and at times frustrating negotiations.

Paragraph 11 of the terms of reference provide that at the expiration of 90 days after the transfer of custody of Pow to the Neutral Nations Repatriation Commission, access to captured personnel by representatives of their original sides shall terminate. That 90-day period of explanations comes to an end on December 23.

Paragraph 11 provides that as of the end of the day of 22 January these men will become entitled to their freedom as civilians. There will no longer be authority for their custody by the Indian troops. As civilians they are to be enabled to go to any available country of their choice. Public statements made by representatives of the ROK and the National Government of the Republic of China contain open invitations to the nearly 8,000 Korean and more than 14,000 Chinese anti-Communists, respectively, in the south CFI camp to make their new homes in the ROK and in the territory under the control of the National Government of the

Republic of China. Representatives of these 2 nations are being informed that my command will use all available facilities to expedite the movement of the individuals who desire to go to those countries. Under paragraph 11 of the terms of reference to the NNRC and the Indian Red Cross are to assist any individual who may wish to apply to go to neutral countries elsewhere in the world.

It is regrettable that Communist obstructions have caused disagreements and disrupted the explanations to nonrepatriate Pow. Despite the fact that agreement was once reached concerning the fundamental rights of these thousands of prisoners, the Communists have persisted in employing their habitual frustrating tactics to the extent that the work of the NNRC has been interfered with and the already difficult job of the Custodial Force, India, greatly complicated.

With the expiration of this period of explanations, I desire to express my profound admiration and respect for the Indian troops. In their unique and sensitive mission these officers and men have demonstrated an almost unprecedented capacity for military firmness and humane restraint. Their rigid adherence to mandate imposed upon them by the terms of reference has earned them the plaudits of all fairminded nations of the world and an unshakable confidence in their ability to continue their duty in the same splendid manner until their mission is completed some 30 days hence.

LETTER TO GENERAL THIMAYYA

DEAR GENERAL THIMAYYA:

I have read carefully the interim report concurred in by the Indian, Czechoslovakian and Polish dele-

¹ BULLETIN of June 22, 1953, p. 866.

gations and the interim report prepared and signed by the Swedish and Swiss delegations. I have also read the accompanying communications indicating the manner in which failure to agree to a single point developed. Of the two reports, I find that prepared by the Swedish and Swiss delegations much more objective, factual and indicative of the operations of the Neutral Nations Repatriation Commission.

In view of the fact that the 90-day period for explanations has now terminated, and because the issues during this phase of Neutral Nations Repatriation Commission operations have been so clearly identified by both reports, I see little positive value to be gained by expressing detailed opinions on such issue. However, in order to clarify unmistakably the position of the United Nations Command on what I consider to be certain key elements, I am constrained to submit once more a reiteration of certain salient points:

A. The United Nations Command categorically denies any implication that we have attempted, in any way, to exercise control to the slightest degree over prisoners in the south camp by the introduction of agents provocateur, or that we have attempted to maintain any type of covert intelligence network.

B. The allegation that prisoners alone in the south camp were responsible for the failure to complete explanations I find totally unacceptable. Although the United Nations Command had no permanent representation in either the Neutral Nations Repatriation Commission or custodian force, India, it appears clearly obvious from reports received from our duly authorized liaison, observation and explainer personnel, as well as from official statements of the Neutral Nations Repatriation Commission itself, that the primary causes of failure were due to:

(1) The severe disappointment of the representatives of the Korean People's Army and the Chinese People's Volunteers at their inability to secure more than a nominal percentage of returnees from groups receiving explanations.

(2) The delaying tactics adopted by Korean People's Army and Chinese People's Volunteers including:

(A) Unreasonable and changing demands for facilities.

(B) Refusal to accept reasonable numbers of willing prisoners for explanations during each day.

(C) Refusal of Korean People's Army and Chinese People's Volunteers to utilize available explaining time unless the Neutral Nations Repatriation Commission and Custodian Force, India conformed to all their demands which in-

cluded the use of force and other impracticable actions.

C. The United Nations Command, on the other hand, supports fully the strong stand taken by the Indian, Swedish and Swiss delegations prohibiting the use of force against defenseless prisoners.

D. The terms of reference plainly specify that explanations would be terminated as of 23 December 1953. We therefore cannot accept any alternate proposal which may be made by any other agency on this point, just as we shall not accept any other proposal which amends the date 22 January, the last day upon which prisoners in Neutral Nations Repatriation Commission custody can be denied their freedom.

E. The termination date of custody, 22 January 1954, 120 days after the Neutral Repatriation Commission originally assumed custody, is fixed and does not depend on the holding of any political conference, the holding of which was, by terms of the armistice agreement, to be recommended to their respective governments by the commanders of each side in the Korean conflict.

With specific reference to that part of your letter of 28 December 1953 (forwarding the aforementioned reports) which discusses the action to be taken by the Neutral Nations Repatriation Commission now that the explanation period has ended and no political conference is in session, I believe the foregoing views are sufficiently clear to serve as a basis for a sound and logical course of action. As of 230001 1 January 1954, prisoners now in custody of the Neutral Nations Repatriation Commission, having then become entitled to civilian status are free to move to destinations of their choice. For those who wish to be assisted by the United Nations Command, I suggest that they be moved south in orderly, manageable groups and according to a phased schedule, so that they may be received at a mutually agreed upon location along the southern boundary of the demilitarized zone. The United Nations Command is fully prepared to receive them and aid them to move to destinations of their choice to settle into peaceful civilian pursuits.

For those who may apply to go to neutral nations, the United Nations Command (as previously outlined to you) stands ready to assist the Neutral Nations Repatriation Commission in care and disposition during the period 22 January-21 February. Whether we can continue assistance after 21 February will depend upon the situation then prevailing; I can, however, assure you of our cooperation insofar as practicable in my capacity as a military commander.

With assurances of my continued esteem, I am, sincerely yours, J. E. HULL, *General, United States Army, Commander-in-Chief.*

Report of U.N. Command Operations in Korea

SEVENTY-FIFTH REPORT: FOR THE PERIOD AUGUST 1-15, 1953¹

U.N. doc. S/3148
Dated December 4, 1953

I herewith submit report number 75 of the United Nations Command Operations in Korea for the period 1-15 August 1953, inclusive.

The period 1-15 August marked the beginning of the implementation of the Armistice Agreement. The result of long and careful planning by the United Nations Command became evident as the various agencies and support groups established by the United Nations Command to carry out the implementation were phased into operation on schedule.

After the exchange of credentials by both sides the Military Armistice Commission held frequent meetings for the purpose of adopting procedures agreeable to both sides.

Agreement was reached on method of operation of Joint Observer Teams which were dispatched to their assigned areas. Marking of boundaries, clearing of hazards and construction of the various installations were begun within the Demilitarized Zone.

Agreement was also reached on Civil Police and the type of arms they may carry within the Demilitarized Zone. Neutral Nations Inspection Teams were dispatched to the Ports of Entry of both sides.

During the first week in August an advance party representing the Indian contingent of the Neutral Nations Repatriation Commission and the Custodial Forces, India, arrived in Tokyo. This group was headed by Mr. N. K. Nehru and Major General Thorat. The Indians were briefed at United Nations Command Headquarters on the

arrangements made by the United Nations Command for the reception of Indian troops into the Demilitarized Zone, including movement, quarters and logistical support to be provided. After this first briefing the Indian party was flown to Korea where they were met by the Senior Member of the United Nations Command Military Armistice Commission and further briefed at the site of their prospective operations. The group then proceeded to the Communist Headquarters where they remained for two days. Upon their return to Munsan-ni the Indian party met with the Senior Member United Nations Command Military Armistice Commission and his staff at which time the two groups drafted a tentative "Memorandum of Understanding", with regard to facilities and support to be furnished by the United Nations Command to the Neutral Nations Repatriation Commission installation within the Demilitarized Zone on the United Nations Command side of the Demarcation Line. The Indian party then returned to Tokyo where one more short conference was held at United Nations Command Headquarters. At this conference the tentative "Memorandum of Understanding", was discussed with representatives of the Commander in Chief's, United Nations Command, staff to the mutual satisfaction of both parties. The Indian Advance Party then departed Tokyo for India.

Adhering scrupulously to the terms of the Armistice Agreement for the repatriation of captured personnel, the United Nations Command commenced delivery to the Communists on 5 August 1953, of those prisoners of war who had expressed a desire for direct repatriation. Detailed plans, which had been prepared long in advance, were implemented in order to insure orderly and efficient delivery in accordance with the daily schedules agreed upon by both sides. Particular care was taken to provide for the safety, comfort and well being of the sick and injured personnel to be repatriated by our side.

As was the case during the exchange of sick and injured captured personnel during April and May 1953, the main difficulties encountered in the deliveries were created, not by the numerous logistical and other problems normally to be expected during a move of this magnitude, but by the prisoners themselves. Early in the exchange, Communist returnees, obviously under orders, ripped newly issued clothing, cast aside comfort items and, in

¹ Transmitted on Dec. 3 to the Secretary-General, for circulation to members of the Security Council, by the U.S. representative to the U.N. Text of the 50th report appears in the BULLETIN of Dec. 15, 1952, p. 958; the 51st and 52d reports, Dec. 29, 1952, p. 1034; the 53d report, Jan. 26, 1953, p. 155; the 54th report, Feb. 9, 1953, p. 224; the 55th report, Feb. 16, 1953, p. 276; the 56th report, Mar. 2, 1953, p. 348; excerpts from the 57th, 58th, and 59th reports, May 11, 1953, p. 690; excerpts from the 61st, 64th, and 65th reports, July 13, 1953, p. 50; excerpts from the 67th, 68th, and 69th reports, Sept. 28, 1953, p. 423; excerpts from the 70th, 71st, 72d, and 73d reports, Jan. 4, 1954, p. 39; and the 74th report, Jan. 11, 1954, p. 61. The 60th, 62d, 63d, and 66th reports were omitted from the BULLETIN.

general, tried to present as dismal a picture as possible for the Communist photographers who were conveniently on hand. Positive evidence that the United Nations Command had provided adequate food and medical care for all the prisoners of war in its custody was plain for all to see, and was duly recorded by press representatives.

In spite of all the difficulties and obstacles placed in the United Nations Command path by the returning hard core Communists, the United Nations Command handled its portion of the exchange with patience and firmness. By the end of the period of this report, a total of 29,630 prisoners in United Nations Command custody had been returned to Communist control.

Meanwhile, as those United Nations Command repatriates from Communist control began telling their individual stories, it became increasingly clear that the enemy had taken every measure possible to instill in the minds of their captives that the United Nations, and especially the United States, had started the war. The conditions of the first returnees bore mute evidence of the inadequate and often brutal treatment United Nations Command prisoners had suffered at the hands of the Communists. By 15 August, the following numbers of United Nations Command personnel had been released from Communist captivity and were well on their way to home and loved ones:

United States	957
Other United Nations	693
Republic of Korea	2,726
<hr/>	
Total	4,376

At 2200 hours on 27 July, the order to cease fire was complied with by United Nations Command divisions along the entire battle front and withdrawal to new defensive positions south of the Demilitarized Zone was begun.

Seventy-two hours after the cessation of hostilities all United Nations Command troops had withdrawn south of the zone. Subsequently unarmed troops returned to the southern half of the Demilitarized Zone to clear mine fields and other hazards to the safe movement of personnel of the Military Armistice Commission and its Joint Observer Teams. Other unarmed troops were engaged in salvaging equipment, and marking the southern border of the Demilitarized Zone. These operations continued throughout the period.

Meanwhile, south of the zone United Nations Command troops were expeditiously re-establishing their new lines of defense and instituting a training programme designed to maintain a high degree of morale and combat readiness.

In accordance with the Armistice Agreement all hostilities ceased and the United Nations Naval Blockade of the Korean Coast was terminated at 2200 on 27 July. One of the immediate tasks of the United Nations Naval Forces became the evacuation of the coastal islands of Korea. On 2 August, United Nations Command Naval Forces reported that the withdrawal of personnel, supplies and equipment had been completed from all islands north of the southern boundary of the Demilitarized Zone off the east coast of Korea and from islands lying to the north and west of the provincial boundary line between Hwanghae Do and Kyonggi-Do off the west coast except the

island groups of Paengyong Do, Taechong Do, Sochong Do, Yonpyong Do (including Kunyonpyong Do and Soyongyong Do), and U-Do which are to remain under the military control of the Commander-in-Chief United Nations Command.

The basic concept of all United Nations Naval operations in the first post Armistice fifteen-day period has been that of maintaining forces in position to counter immediately further aggression or attack; conduct training exercises, and achieve a high state of material readiness. Immediately following the signing of the Armistice, units not required in execution of initial tasks or in operating areas adjacent to Korea were placed in a maintenance status.

United Nations Naval aircraft operating from fast attack carriers in the Sea of Japan conducted intensive training exercises, maintained an alert state of readiness, and at all times complied with the provisions of the Military Armistice Agreement. One thousand and one hundred seventy-eight sorties were flown during the period. The largest percentage of these were training flights.

During this period the feasibility of obtaining a marked impact area in East Korea to be used for training purposes was investigated. At the close of the period an area was under preparation and will be available about 1 September.

A United Nations Command carrier has been selected as a helicopter landing platform in order to lift approximately 5000 Indian troops from Inchon to the Demilitarized Zone. The troops are scheduled to arrive at Inchon by ship from 1 through 26 September. The troops will then be transferred to the carrier by landing craft thence to the Demilitarized Zone by Army and Marine helicopters.

Patrols were established and have been conducted off the Korean West Coast to seaward of the Han River Estuary under supervision and south of thirty-seven degrees thirty-five minutes north latitude for protection of the friendly coast. Patrols off the Korean East Coast were established and executed from the eastern terminus of the southern boundary of the Demilitarized Zone to 127 degrees east longitude. No significant events were observed at any time.

Planes from the First Marine Air Wing based in Korea conducted intensive training exercises during the period. In addition fifty-four intercept and day and night patrol sorties were flown. No significant activity was reported.

United Nations Naval patrol planes continued their aerial reconnaissance of the Japan and Yellow Seas. These planes flew one hundred seven sorties during the period, conducting daily shipping surveillance, anti-submarine and weather reconnaissance missions over the water surrounding Korea. In addition, these planes supported and engaged in special training exercises as directed.

In order to meet the sixty-day deadline for the completion of "BIG SWITCH" as agreed to by the United Nations in the Armistice Agreement, embarkation of prisoners of war in ships specially cribbed for this purpose began on 28 July. The importance of this operation is shown, to some extent, by the fact that ten ships otherwise scheduled to return to the United States were retained to accomplish this task.

As of 15 August the United Nations Command had lifted

33,760 prisoners of war from Koje-Do, Cheju-Do, Yonchi-Do, Pongam-Do and Chogu-ri to Inchon and 838 sick and wounded repatriates from Koje-Do to Pusan for further transportation by rail to the exchange site. This represents about thirty-six per cent of the grand total to be lifted. Mutually planned and agreed daily quotas have been met with only minor problems. Heavy rains halted transportation of prisoners of war from Inchon to the exchange site on 13 August. Two vessels were used as floating stockades during the night. However, trucks began making deliveries on the 14th. Normal quotas were being accepted the following day. Several ships have reported instances of chanting and singing by the prisoners with scattered attempts to demolish partitions. All of these demonstrations were controlled without casualty.

Auxiliary vessels continued to provide mobile logistics, salvage, towing and additional services as required by all afloat units.

Salvage operations are continuing on the Cornhusker Mariner aground to seaward of the Pusan Harbor baffles. On 14 August salvage workers commenced securing ship for expected typhoon "Nina". The salvage officer reported that he planned to cut the ship in vicinity of frame 106 and beach stern and bow sections separately in safe water.

The removal of the sunken dredge in Inchon Harbor has now been given highest priority among the harbor clearance projects in the Far East. The removal of the dredge has been scheduled to begin about 15 September.

United Nations Command Naval auxiliary vessels and transports provided personnel lifts and logistic support for the United Nations Command forces in Korea.

In order to combat a natural tendency to relax after a prolonged period of combat operations United Nations Naval Commands have envisaged plans whereby the morale of Naval forces may even be enhanced during Armistice operations. These plans include additional opportunities for fleet forces to visit ports in the western Pacific, full opportunity for maintaining upkeep and maintenance schedules and increased opportunity for individual ship, unit, group and force training exercises.

The Far East Air Forces continued to support the United Nations Command in Korea by conducting non-combat operations during the period. To minimize the possibility of air violations of the Armistice conditions, additional controls were placed on the movement of United Nations aircraft in areas immediately adjacent

to the Demilitarized Zone and coastal regions as well as upon the entry and exit of aircraft into and out of South Korea. Patrols were flown immediately south of the Demilitarized Zone as a precautionary measure.

Combat cargo aircraft of the 315th Air Division continued airlift operations between Japan and Korea in strict compliance with the terms of the Armistice. In this task, 3558 sorties transported 9471.3 tons of cargo, including 49,052 passengers and medical evacuees. Also included in this total were 260 repatriated United Nations prisoners of war whose physical conditions were such as to make a trip by surface vessel inadvisable.

Air Sea Rescue Units of Far East Air Forces continued their assigned role of search and rescue of missing aircraft and crews, as well as aiding in the recovery of other military and civilian personnel in distress.

Mr. C. Tyler Wood, newly appointed United Nations Command Economic Co-ordinator, will replace Dr. Henry J. Tasca, former Special Representative of the President for Korea Economic Affairs, as Commander-in-Chief, United Nations Command Economic Adviser and Representative on the Combined Economic Board on a permanent basis. Mr. Wood will establish his office in Korea where he will co-ordinate the existing aid programmes of the United Nations Command and the United Nations Korean Reconstruction Agency with the additional United States economic aid to the Republic of Korea resulting from Dr. Tasca's report to the President concerning ways and means for strengthening the Korean economy.²

Since the beginning of the United Nations collective action in Korea, the United Nations Command has submitted bi-weekly reports on its activities to the United Nations. In addition, special supplementary reports were submitted on appropriate occasions. In general, the substance of the bi-weekly United Nations Command reports has been concerned with the conduct of the military operations in Korea. In light of the armistice in Korea, which has brought about a reduction in the activities of the United Nations Command, there does not appear to be the same need for regular bi-weekly reports. However, the United Nations Command will continue to fulfill its obligations under the Security Council Resolution of July 7, 1950 by rendering reports from time to time as appropriate on the activities undertaken in implementation of the Armistice Agreement.

² For a summary of Dr. Tasca's report, see BULLETIN of Sept. 7, 1953, p. 313.

A Survey of the Arab Refugee Situation

INTERIM REPORT OF THE SPECIAL NEAR EAST REFUGEE SURVEY COMMISSION¹

DECEMBER 11, 1953

I. Basis and Scope of Study

The Special Refugee Survey Commission to the Near East was appointed by the Honorable Harold E. Stassen, Director of Foreign Operations Administration in consultation with the Secretary of State. Its members are the Honorable Edwin L. Mechem, Governor of New Mexico, Chairman, Honorable P. Kenneth Peterson, Legislator and Member of the Council of State Governments, from Minnesota, and Dr. James L. Fieser, former Vice Chairman and General Manager of the American Red Cross, of Bethesda, Maryland, each representative of a different section of the United States.

The Commission was set up in October, 1953, under provision of the Mutual Security Act of 1953, as follows:

Section 706, Title V. Relating to organization and general provision of the Mutual Security Act of 1951, as amended, as follows: * * * (g) Near East Refugees—add after Sec. 548, the following new section:

Section 549. (a) In order to contribute to the peace and stability of the Near East in particular and of the world in general, the Director for Mutual Security shall, in consultation with the Secretary of State, make a survey of the refugee situation in the Near East and report the results of the survey to the Congress within one hundred fifty days after the Mutual Security Act of 1953 is enacted, together with recommendations for seeking a solution. In the making of such report and recommendations, special consideration shall be given to a program which would utilize the services and talents of these refugees to develop and expand the resources of the area, including its water resources.

It was originally planned that the Commission would depart for the Near East on November 7, and that about three weeks would be spent in the area studying the situation. On their return the Commission would complete its report for transmission to the Congress by December 14, 1953, as provided by Section 549 of the Mutual Security Act of 1951, as amended, as quoted above.

¹ Transmitted on Dec. 14 to the President, the Vice President, the Speaker of the House of Representatives, the Senate Foreign Relations Committee, and the House Foreign Affairs Committee.

Circumstances, however, necessitated a deferment of the field survey to a more feasible date. It was therefore determined that an interim report be filed pending a later visit to the Near East to study the situation at first hand, when a final report would be made.

Inasmuch as it was not possible for the Commission to survey the conditions in the area first hand, it decided to commence its examination of the problem along the following lines:

1. Consultation with official representatives of the Arab and Israeli Governments in the United States.

2. Consultation with delegates to the United Nations, officials of the United Nations, and attendance at sessions of the United Nations on the Palestine question.

3. Consultation with Members of Congress who have recently been in the Near East.

4. Meet with members of the United States delegation to the General Assembly of the United Nations.

5. Interview officials of voluntary and non-governmental agencies which conduct relief programs in the Near East area.

6. Conferences with representatives of the United Nations Relief and Works Agency for Palestine Refugees (UNRWA), the Chief of the Staff of the United Nations Truce Supervisory Organization, and with the former United Nations Acting Mediator for Palestine, Dr. Ralph Bunche.

7. Consultations on water resources with Mr. Eric Johnston, Special Representative of the President, and with Mr. Gordon Clapp, Chairman of the Board of Tennessee Valley Authority.

8. Study of reports, and other documentation on the subject.

All of the above were done, and in all contacts the Commission was received cordially.

Because the Commission is not in a position to make any firm findings until an inspection of conditions in the area is possible, this is necessarily an *interim* report.

II. The Problem

The Arab refugees from Palestine are the victims of political, economic, social, and religious

forces between Arab States and what is now Israel. The movements and inter-relationship of events which resulted in this situation are beyond the scope of this study, except to the extent that they continue to influence the attitudes of the Arab States and Israel in dealing with the refugee problem as outlined in Section VIII below. Briefly, it may be said that following the Balfour Declaration of 1917, favoring the establishment in Palestine of a national home for the Jewish people, there was increasing friction between Arabs and Jews as the latter became more numerous and achieved a recognized status through the Jewish Agency under the British mandate. The persecution of the Jews by the Nazis before and during World War II led to increased pressures for mass Jewish migration to Palestine and for the creation of a Jewish state.

The seriousness of the problem and the question of the legal status of the Palestine Mandate under the League of Nations led the British Government to place the Palestine question before a special session of the General Assembly of the United Nations in April 1947. In response to the British proposal, the General Assembly established a Special Committee on Palestine to submit proposals for the solution of the Palestine problem in September 1947. Its report furnished the basis for the decision of the General Assembly, November 29, 1947, adopting a Plan of Partition for Palestine.

Under the provisions of this resolution, the General Assembly recommended the creation of an Arab State and a Jewish State from the former Palestine Mandate, with a separate international status for the City of Jerusalem. The establishment of the two proposed states was to be under the auspices of a United Nations commission. The immediate rejection of this proposal by the Arab nations, the indicated determination of the British Government to surrender authority over the mandated area, and the determined planning by Jewish elements to assume the statehood recommended for them by the General Assembly led to violence and terrorism in the area. Thus when on May 15, 1948, Israel declared its statehood and was immediately recognized by the United States and several other nations and when on the same date the British Government formally surrendered its mandatory powers, open hostilities broke out between armed forces of neighboring Arab States and Israel.

By reason of hostilities, hundreds of thousands of Palestinian Arabs fled to neighboring Arab countries, hopeful of an early return to their former homes. In 1949 their numbers were estimated at over 1,000,000. Approximately half of them found refuge in the new Kingdom of Jordan, where they constitute over one-third of the population of that country. Over 200,000 fled to the City of Gaza and its environs, under Egyptian control, where they out-numbered the local inhabit-

ants three to one. Another group of 100,000 moved northward to Lebanon, increasing the population of that country by 10%. Nearly 100,000 took refuge in Syria.

Their shelter was whatever they could find—mosques, barracks, schools, huts, and even caves. For many months the Arab governments made temporary arrangements for feeding them. Since this was a burden which the Arab States could not long sustain, they appealed to the United Nations for help.

III. Early United Nations Interest and Concern

With the outbreak of hostilities, the United Nations was immediately faced with a three-fold task: bringing about cessation of hostilities; assisting in the negotiation of armistice agreements; and taking measures for the relief of the refugees. Through a series of decisions by the Security Council and as a result of negotiations conducted by the late Count Folke Bernadotte and Dr. Ralph Bunche in their successive roles as United Nations mediators, the first two tasks were substantially completed early in 1947. With respect to relief, the General Assembly of the United Nations in November 1948 established a \$32 million relief program to be supported by voluntary contributions from all governments, with field operations to be carried on by the League of Red Cross Societies, the International Committee of the Red Cross, and the American Friends Service Committee. This was admittedly a stop-gap relief measure which left unresolved the question of the future of the refugees.

The United Nations was equally concerned with the longer range task of bringing about a settlement of the outstanding issues between the Arab States and Israel. In its resolution of December 11, 1948, the General Assembly established a Palestine Conciliation Commission, whose principal function was to assist the Governments concerned to achieve a final settlement of all questions outstanding between them. In paragraph 11 of this same resolution, it dealt with the political aspects of the refugee question in the following terms:

11. *Resolves* that the refugees wishing to return to their homes and live at peace with their neighbours should be permitted to do so at the earliest practicable date, and that compensation should be paid for the property of those choosing not to return and for loss of or damage to property which under principles of international law or in equity, should be made good by the Governments or authorities responsible.

Subsequent action by the United Nations is dealt with in Section VI below.

IV. United States Interest and Concern

The American people have a natural humanitarian concern in the plight of these unfortunate people. During the past three and one-half years they have made contributions through numerous

religious, charitable, and philanthropic groups for the welfare of these people amounting to about \$8,000,000.

The stake of this Government in the Near East, as related to the refugee problem, is clearly stated in the report of the Sub-Committee on the Near East and Africa of the Senate Foreign Relations Committee, dated July 24, 1953:

The United States has an interest in doing what it can to help solve the refugee problem because of its direct relationship to the economic and political stability and the security of the Near East. The United States does not wish to see the internal order and the independence of the countries of the Near East threatened by economic chaos, Communist penetration, or military hostilities. Disorder with a resultant possibility of the renewal of hostilities in this part of the world would threaten the security interest of the United States and the free world generally.

The extent to which the United States Government has demonstrated its interest and concern is given in Section VII below.

V. Present Situation of the Refugees

There are now 870,000 registered refugees receiving relief from the United Nations Relief and Works Agency for Palestine Refugees. They are distributed as follows:

Jordan.....	475,000
Gaza.....	208,000
Lebanon.....	102,000
Syria.....	85,000

In addition, about 5,000 in Iraq are being assisted by that Government.

The 1600 calorie daily ration furnished by the United Nations Relief and Works Agency, consisting chiefly of flour, dried vegetables, oils, and fats, is considered a minimum sustaining ration. The cost per person for all relief is estimated at slightly less than \$3.00 per month. One-third of the refugees now live in UNRWA camps, while the remainder live in towns and villages, many of them in make-shift shelter. Their numbers are growing as a result of a natural increase of between twenty and twenty-five thousand annually.

Substantial numbers of them are close to their former homes in what is now Israel. Many cross the armistice lines to sow crops in the spring and reap them in the fall. These, and crossings for other purposes, often result in shooting incidents and constitute a continuing source of tension between Israel and the Arab States, particularly along the Israel-Jordan border.

Except in Jordan, the refugees have no citizenship and no employment rights. In Jordan, where the refugee population constitutes one-third of the population of the country, the presence of the refugees has tended to depress wage levels and adversely affect the already low standard of living prevailing in that country. Moreover, there are in addition about 120,000 who are not refugees, but who have lost their means of livelihood as a result

of armistice lines which separate their homes from their lands or places of occupation.

In Lebanon where there is under-employment of the indigenous peoples, the refugees are neither accorded legal permission to work nor the rights of citizenship, due to the delicate balance between Christians and Moslems on which their political system is based.

In Syria consideration is being given to legislation which would permit the refugees to work and to acquire citizenship.

In Gaza, a city of 80,000 before hostilities, conditions are exceptionally deplorable because the economic activity of that city has been severely curtailed since it was cut off from its normal economic life under the Palestine Mandate. The addition of a refugee population of more than 200,000 in this small strip, 25 miles long and 8 miles wide, between the desert and the sea, has created an impossible economic situation.

VI. Efforts To Resolve the Problem

The refugee problem has been inexorably linked with the general problem of resolving outstanding issues between Israel and the Arab States. In the words of the Under Secretary of State Walter Bedell Smith,²

The refugee problem is the principal unresolved issue between Israel and the Arabs. Outstanding issues are generally listed as compensation to the refugees, repatriation of the refugees, adjustment of boundaries, and the status of Jerusalem and of the holy places. None of these issues can be separated from the refugee problem because that is the human problem.

Despite the connection of the refugee problem with the overall political problem, plans and programs were needed to provide for refugee employment and the reduction of ration rolls without awaiting settlement of other outstanding issues. This need was first recognized in 1949 when a United Nations Economic Survey Mission for the Middle East was established under the chairmanship of Mr. Gordon Clapp, Chairman of the Board, Tennessee Valley Authority. This mission, after a field survey, pointed to the need to provide immediate employment for refugees on useful works such as roads, afforestation and terracing, which did not require extensive planning. At the same time it pointed to certain longer range developmental possibilities in the countries sheltering the refugees and recommended a number of pilot projects.

On the basis of the recommendations of the Economic Survey Mission, the General Assembly, on December 8, 1949, established the United Nations Relief and Works Agency for Palestine Refugees (UNRWA) to take over the relief operation initiated in 1948, and to undertake works projects for refugee employment. These projects, initiated by UNRWA in 1950, demonstrated that

² BULLETIN of June 8, 1953, p. 823.

refugee skills could be constructively used, even though they did not provide more than a temporary reduction in the ration rolls. Moreover, they paved the way for the consideration of longer range development programs which would offer continuing employment for refugees.

It was with such possibilities in mind that the Director and Advisory Commission of UNRWA recommended to the General Assembly of the United Nations a three-year "reintegration" program estimated to cost \$200,000,000, and relief costs estimated for the same three-year period at \$50,000,000. This program was approved by the General Assembly on January 26, 1952.

The biggest problem faced by UNRWA in the implementation of this program has been to find practicable projects at reasonable cost in countries where the refugees are presently located, which are politically acceptable to the governments concerned. A brief description of the major efforts and results to date follows:

Jordan. In a country of scarce resources—agricultural, industrial, or mineral—and an extremely low standard of living, development prospects were not bright. Attention was focused, however, on the possibility of reclaiming lands in the Jordan Valley through water storage facilities and irrigation works. A proposal was advanced in 1952 for a high dam on the Yarmuk River for storage and power purposes, under which the stored water of the Yarmuk would be used to irrigate both sides of the lower Jordan Valley within the territory of the Kingdom of Jordan.

A program agreement was concluded between UNRWA and Jordan under which UNRWA agreed to reserve to December 31, 1953, \$40,000,000 for such a development, provided that it was feasible and principally benefited refugees.

Before embarking on a development involving the water interests of other countries, UNRWA decided that a desk study of the Jordan Valley waters should be made from the standpoint of their effective and economic use under a comprehensive plan without regard to existing boundaries. This study, undertaken by Charles T. Main, Inc., under the supervision of the TVA, and completed in October 1953, resulted in a basic plan for the unified development of the water resources of the entire Jordan Valley. This plan was developed without regard to political frontiers, and shows how the waters of the Jordan may be efficiently stored and controlled for irrigation and hydroelectric power. It is designed to give maximum benefits to all the peoples on both sides of the Jordan River, including the refugees, with the least cost.

A rough cost estimate of the unified plan would be \$121,000,000, without power phases included, and of which about \$42,000,000 would be for works in Jordan, not including land development. The high dam on the Yarmuk is shown in this report to be excessively costly in terms of storage for

irrigation purposes when the natural reservoirs of Lake Tiberias could be utilized at a relatively small cost. This does not rule out the possibility of a lower dam on the Yarmuk designed primarily for power. Of still greater importance, far more water would be available under the unified plan for irrigation of lands in the lower Jordan and consequently benefit a larger number of refugees. Acceptance of the basic principle of the plan by Jordan, Syria, Lebanon, and Israel is essential if the far-reaching benefits contemplated under it are to be realized. Without acceptance of its basic principles, this prospect for a livelihood for some 150-200,000 refugees in Jordan may be lost.

In view of the economic and political importance of the unified plan, the President sent Mr. Eric Johnston as his Special Representative to explain its significance and benefits to the countries concerned. In the meantime, the necessary detailed engineering surveys are proceeding on projects in Jordan which are consistent with the plan, and on which construction could be started within the coming year.

Meanwhile, other projects are in operation in Jordan. An \$11 million program agreement was concluded with Jordan in 1952 under which projects are being undertaken to provide a living for approximately 6,000 refugee families (30,000 refugees). A number of projects under this program have been completed, including the re-establishment of villages of refugees whose homes were formerly in Israel, but whose lands lie along the Jordanian side of the armistice line. This program has also included housing projects in Amman, the capital of Jordan, and several small agricultural settlements where ground water has been found. A vocational training program estimated to cost \$1 million has been undertaken to provide technical training in vocations for which there is a demand for trained persons. Other projects have included loans to private enterprises providing employment of refugees through the Jordan Development Bank, part of whose capital is subscribed by UNRWA.

Syria. A \$30 million program agreement has been concluded between UNRWA and the Syrian Government which reserves \$30 million for agricultural, technical training, educational and other projects to provide employment for the 85,000 refugees now resident in Syria. One agricultural settlement for 200 families (1,000 refugees) is near completion. With regard to larger-scale projects, the Director of UNRWA in his report to the General Assembly in 1953,³ stated that:

Attempts have also been made to find areas suitable for more significant agricultural development, and two survey expeditions have been made for this purpose in north and northeast Syria. The conclusion reached as a result of these surveys was that the area had great potentialities and that opportunities existed on State do-

³ U.N. doc. A/2470.

main land, not only for major schemes, but also for many projects involving only minor pumping from the Euphrates, which could be completed and put to use comparatively quickly. Detailed topographical, engineering and soils survey would have to be made before the suitability of any given site for a major scheme could be accurately assessed, but so far government permission for these surveys has not been forthcoming.

Egypt. The Egyptian Government has been deeply concerned with the 200,000 refugees at Gaza and has extended full cooperation to UNRWA in exploring various possibilities for settling these refugees in the Sinai Peninsula. Surveys were made two years ago for underground water resources which would be capable of supporting refugee communities in that area. The results of these surveys were negative. During the past year consideration has been given to the possibility of siphoning water from a sweet water canal fed by the Nile, under the Suez Canal to the Sinai Peninsula, and reclaiming lands in that area which might benefit some 60 to 70 thousand refugees. Detailed surveys as to the feasibility and extent of the irrigable area, expected to be completed within eight months, are now being made under a program agreement between the Egyptian Government and UNRWA, for which \$30 million has been reserved by UNRWA.

The work of UNRWA described in the foregoing paragraphs has thus far been confined largely to negotiations of program agreements and the identification and survey of projects under those agreements. Consequently, less than 10 percent of the \$200,000,000 reintegration fund has been actually expended on the reintegration program, with the result that relief costs have continued on a larger scale than estimated when the three-year program was adopted. The United States and other delegations to the United Nations expressed great concern with the slow progress on reintegration and the resulting costs of continuing relief. This situation was reviewed by the General Assembly at its current session in view of the expiration of the authorized term of UNRWA, previously fixed for June 30, 1954. The General Assembly, after reviewing the report of the Director and Advisory Commission of UNRWA, decided to extend the life of UNRWA until June 30, 1955, and to review the program again at its next session in the autumn of 1954. It likewise authorized relief expenditures for the fiscal year 1954 of \$24.8 million. This increase over 1953 is attributable to the need to provide additional shelter for refugees moving into camps, and to provide rations for refugees not previously assisted. The General Assembly also established a relief budget for the fiscal period 1955 of \$18 million. The following table shows UNRWA's total authorized relief program for fiscal years 1952-55.

1952-----	\$27,000,000
1953-----	\$23,000,000
1954-----	\$24,800,000
1955-----	\$18,000,000
Total-----	\$92,800,000

VII. U.S. Financial Support

The great concern of the United States in the maintenance of peace and stability in this area of the world has prompted generous U.S. support for the refugee program and the sharing of a high proportion of its costs. This has been manifested by the Congress in its appropriations for the U.S. contributions which, since the beginning of the relief program in 1949, have totalled \$153,513,250. Of this amount, \$109,450,000 has actually been paid, including \$43,450,000 for the relief and works program through June 30, 1951.

In January 1952, a \$250 million relief and reintegration program was adopted by the General Assembly. Toward this program Congress appropriated \$50,000,000 for fiscal 1952 and \$60,063,250 for 1953 for a total of \$110,063,250. Of this amount, the United States has actually paid the following:

	<i>Fy 1952</i>	<i>Fy 1953</i>	<i>Total</i>
Relief-----	\$18,000,000	\$16,000,000	\$34,000,000
Reintegration---	32,000,000	-----	32,000,000
	<u>50,000,000</u>	<u>\$16,000,000</u>	<u>\$66,000,000</u>

Of the \$32 million shown in the table above for reintegration in 1952, \$20 million is still held in a special United States Treasury account on which UNRWA may draw when the funds are needed for disbursement.

It will be noted from the foregoing that only \$16 million was paid out in 1953, leaving a balance of \$44 million which was not paid. Congress reappropriated this sum for fiscal 1954. It is expected that \$15 million of this amount will be paid toward the current year's relief requirements with the remaining \$29 million being held available for the reintegration program. In addition, Congress authorized a sum of \$30 million for the current fiscal year on the understanding that an appropriation under that authorization would not be sought unless the rehabilitation program moved forward with such speed that it would be required during the current fiscal year.

The financing of the program by contributing governments has been on a voluntary basis. United States contributions have been limited to not more than 70 percent of the contributions of other governments. Up to the present time, U. S. payments have represented approximately 65 percent. However, as larger expenditures are required by the Agency for large scale projects, it is expected that the U. S. will need to furnish 70 percent of the total. The balance of contributions has come from 56 countries—the USSR and satellite countries contributing nothing.

Prior to Congressional authorization and appropriation for funds for the fiscal year 1954, the Senate Foreign Relations Committee indicated concern with the rate of progress being made in resolving the problem. In the report of its sub-

committee which held hearings on the Palestine refugee problem the following statement was made:

American aid cannot continue indefinitely. In fact the subcommittee is of the opinion that unless considerably more progress is shown in the near future than has been shown up to this time, the Congress would not be justified in continuing aid for this program through the United Nations.

The American people are moved by strong humanitarian motives, but they cannot be expected to bear indefinitely so large a share of the burden involved in this situation when Israel and the Arab States show so little initiative in helping to settle the matter among themselves. There is a very real danger that the longer the United States continues to supply relief money, the less desire there will be on the part of the states in this area to make real efforts on their own to liquidate the problem.

These sentiments were reflected in the statement of Congressman James P. Richards, of the United States Delegation to the United Nations, when the question of continuation of UNRWA was under consideration by the General Assembly, in November 1953.⁴

VIII. The Political Aspects of the Arab Refugee Problem

The unresolved problems of the Arab refugees are the result of the determined disagreement between the Arab States and the States of Israel. Briefly, it can best be presented by stating the relative positions of the parties involved, as stated to the Commission: (1) The Arab States; (2) Israel, and (3) the refugees.

(1) *The Arab States.* The Arab attitude is basically that Palestine is an area inhabited by Palestinian Arabs for centuries and that they are, therefore, legally and morally entitled to the lands from which the refugees fled as a result of hostilities in 1947-48. Arab leaders reject the claims of the Israeli Government that there is any other outstanding legal or moral claim to Palestinian lands. They have pointed out that a Jewish state, as such, existed for only 150 years in the 4,000 years of the recorded history of Palestine. They regard the circumstances of flight by the refugees to be the direct result of premeditated aggression and terror by organized Israeli groups. They culminated in fear-invoking incidents designed solely for the purpose of creating fear among the Palestinian Arabs so as to make them abandon their homes and lands.

The Arabs contend that it was only for these reasons that the Palestinian Arabs left their homes and became unwilling refugees in neighboring Arab States. These Arab States gave them refuge and aid to the extent of their ability, but under no circumstances did they assume moral or legal responsibility for them as their kin. Their only

relationship is one of common language. Their predominant Moslem faith is one which the Arab States share with 350 million Moslems in other countries from the Philippines to Spain to whom they owe no moral or legal responsibility for their well-being. The Arabs insist that simple justice requires the recognition of the right of the refugees to return to their homes and lands, or if they do not elect to return to Palestine, that they should be compensated for the loss of their property. They repeatedly point to the recognition of this principle by the United Nations contained in its Resolution of December 11, 1948.

The Arab States basically fear, and often repeat, that Israel's motives are to further expand its territory, by force or other devices. Therefore, any peace settlement would be only an interlude before hostilities would be resumed to accomplish these ends. The Arabs contend that the United States, the United Kingdom, and the United Nations are principally responsible for the creation of the State of Israel and, therefore, are bound to find the solution to the refugee problem.

(2) *Israel.* The attitude of Israeli leaders is basically that there are historical and moral rights to their homelands in Palestine which date back to Biblical times. Also it is a fulfillment of their religious obligation to re-establish a Jewish State. It is contended that this is "righting an historical wrong". This principle, they hold, was recognized in the Balfour Declaration of 1917. They point to the migration of their people during the period of the British Mandate in which they legally and properly obtained claims to land, in addition to that owned by the Levantine Jewish people who had lived there for centuries. They regard the hostilities of 1948 as being acts of Arab aggression and point to the Arab refusal to accept the Partition Plan. They also maintain that when the Palestinian Arabs fled into neighboring Arab countries they did so of their own accord at the urging of Arab leaders. Moreover, these areas have since been settled and built up by their people, and as such they have established a right to the lands.

Although the Israeli Government recognizes the principle of compensation for lands owned by the Arabs, it regards this as a matter to be dealt with in a general peace settlement. Repeatedly they point to the fact that since 1948, in addition to 350,000 refugees from Europe, they have resettled over 300,000 Jewish refugees from Arab and Moslem countries, principally from Iraq, Yemen and North Africa. Because they are active in the integration of these Jewish refugees they consider the Arabs should show a similar concern for the integration of Palestinian refugees into Arab countries.

The Israeli Government takes determined exception to the policy of the Arab States in imposing and maintaining an economic blockade of Israel apparently for the purpose of forcing them

⁴ For text of a statement by James P. Richards of the U. S. delegation to the Eighth General Assembly, see BULLETIN of Nov. 30, 1953, p. 759.

into economic impotence. Further, Israel takes the position that their neighboring Arab States intentionally permit the continuance of these deplorable refugee conditions on the borders of Israel for the purpose of keeping alive the tensions between them and Israel, and for the purpose of mobilizing public opinion in behalf of the Arab position.

Finally, they point to the fact that it is Israel which has invoked the provision of the Armistice Agreement for a settlement of all points of dispute leading to a final settlement with the Arab States, but it is the Arab States which refuse to negotiate a peace settlement.

(3) *The Refugees.* The attitude of the refugees themselves is more difficult to assess, because there is no single authoritative voice to speak for them. However, representatives of several non-governmental agencies assisting the refugees refer to their state of mind as wanting to be repatriated to their homes in Israel. This matter, however, is subject to some division of informed opinion to the effect that the refugees would be reluctant to return to their homes under Israeli rule. It is contended that laws of the State of Israel are punitive and discriminatory to the Arabs who remain in Israel, and would be worse if large numbers of them were repatriated. However, it is claimed that the refugees demand the recognition of the principle of their right to repatriation, or, in the alternative, to be compensated for their property now in Israel.

United Nations Action

The general attitude and position of the Arabs and Israelis outlined above has seriously impeded any effective work on the part of the Palestine Conciliation Commission in bringing the parties together to resolve the outstanding questions between them. As a result of this failure, the Palestine Conciliation Commission for the past two years has been confined primarily to studying the compensation problem and making arrangements for unfreezing of blocked accounts of Arabs in banks located in Israel. Meanwhile, an uneasy state of armistice exists under the terms of the separate armistice agreements between Israel and each of her surrounding Arab neighbors. The observation and enforcement of these agreements is entrusted to the Chief of Staff of the United Nations Truce Supervision Organization, backed up by the Security Council.

IX. Observations

This report is of necessity not a complete statement because the Commission has not as yet had an opportunity to inspect the area. The Commission feels, however, that the following observations, although general in nature, are fundamental and deserve immediate and further exploration.

It is hoped that more concrete recommendations can be made by the Commission following its investigation in the area.

The refugee problem is inextricably woven into the entire economic, social, and political situation which afflicts the Middle East of today.

Economic development of the area, without doubt, will make the possibilities of peace more capable of realization. However, it is not in itself a complete answer to the problem. The Commission sees no permanent solution to the refugee problem until there is a more favorable political atmosphere leading to a workable peace established between the Arab States and Israel.

The depth of the emotions and the character of the issues involved on both sides are not such as to lend themselves to a permanent solution of the refugee problem by economic considerations alone.

This government has both a stake and responsibility, together with the other members of the United Nations, in the final solution of the refugee problem. Arabs and Israelis, for different reasons, recognize our concern in the prosperity and stability of the Near East. Therefore, the Commission makes the following observations:

(1) Support should be given to the decision of the United Nations General Assembly to continue the United Nations Relief and Works Agency for Palestine Refugees (UNRWA) until June 30, 1955. It should be noted that the U. S. Delegation to the United Nations voted in favor of this resolution.

(2) Temporary and stop-gap projects are not the solution to the economic distress of the people in this area. It follows that only a permanent and practical plan of development is the answer to the economic side of the refugee problem. The principles of the unified plan for the development of the Jordan River appear to be the best forward step in this direction, inasmuch as water appears to be the most valued resource in this area, and in shortest supply. The Commission feels that this will overcome the inertia enveloping the refugee problem and give that necessary impetus which would put the refugees in a position to help themselves and become independent of the largess of others.

(3) Despite the difficult situation as related to the refugees, there appear to be favorable opportunities for permanent economic improvement of refugee families. This involves the development of irrigation projects and appurtenant works which, if developed, could improve the economic condition of a substantial part of this area. The surveys now in progress should be pursued to completion as soon as possible to determine if the projects are feasible and economically sound, in order that agreements can be reached at an early date to clear the way for commencement of construction.

(4) All available resources, both private and public, must be used to restore that sense of mutual

dignity and personal respect between the Arab and Jewish peoples which did exist prior to the outbreak of hostilities. It is recognized that this cannot be done by legislation or force. The United States, as an interested party, should do all within its power to accomplish this end. One certain way in which this can be accomplished is to state our objectives clearly and to show our intention to be impartial and consistent.

(5) To give positive moral assurance to the parties that we will accept our share of responsibility, together with the other members of the United Nations, only on the condition that any and all agreements made will be kept in good faith.

It is felt that the opportunity exists *now* for a more substantial beginning to solve the refugee problem. However, it must not be half-hearted and indecisive, and it must be geared to objectivity and good will for all of the governments involved, and with firm assurance that we are not motivated by selfish considerations.

It is clear that economic assistance alone is not capable of winning the respect and affection of these peoples and that, therefore, we and the United Nations must move with decision and determination in all our relationships with these governments in dealing with this problem.

Current Legislation on Foreign Policy: 83d Congress, 1st Session

State Department Information Program—Information Centers. Hearings before the Permanent Subcommittee on Investigations of the Senate Committee on Government Operations Pursuant to S. Res. 40. Part 6, May 6 and 14, 1953, pp. 357-415; Part 7, July 1, 2, and 7, 1953, pp. 417-482; Part 8, July 14, 1953, pp. 483-496; Part 9, Composite Index, August 5, 1953, pp. I-XVII.

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St. Lawrence Seaway. Hearings before the House Committee on Public Works on H. J. Res. 104, providing for creation of the St. Lawrence Seaway Development Corporation to construct part of the St. Lawrence Seaway in United States Territory in the interest of national security; authorizing the Corporation to consummate certain arrangements with the St. Lawrence Seaway Authority of Canada relative to construction and operation of the Seaway; empowering the Corporation to finance the United States share of the Seaway cost on a self-liquidating basis; and for other purposes. June 11, 12, 15, 16, 17, and 18, 1953, 539 pp.

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Thirty-fourth Report to Congress on Lend-Lease Operations. Message from the President transmitting the thirty-fourth report on operations for the year ending December 31, 1952. (Payments and Settlements; Current Settlement Negotiations; Status of Nations; Lend-Lease Act.) September 24, 1953, 32 pp.

Testimony of Dr. Marek Stanislaw Korowicz. Hearing before the House Committee on Un-American Activities. September 24, 1953, pp. 2585-2609.

Importation of Feed Wheat. Hearings before a Subcommittee of the Senate Committee on Agriculture and Forestry on importation into the United States of Canadian wheat classified as "wheat, unfit for human consumption," under paragraph 729, Tariff Act of 1930. Part 2, October 8 and 9, 1953—Minneapolis, Minn.; October 13 and 14, 1953—Galveston, Tex.; pp. 167-545.

Transfer of Occupation Currency Plates—Espionage Phase. Hearing before the Subcommittee on Government Operations Abroad of the Permanent Subcommittee on Investigations of the Senate Committee on Government Operations pursuant to S. Res. 40. October 20 and 21, 1953, 64 pp.

Stockpile and Accessibility of Strategic and Critical Materials to the United States in Time of War. Hearings before the Special Subcommittee on Minerals, Materials and Fuels Economics of the Senate Committee on Interior and Insular Affairs pursuant to S. Res. 143, a resolution to investigate the accessibility and availability of supplies of critical raw materials. Part 1, Department of the Interior: Bureau of Mines, October 20, 21, 23, and 24, 1953, 351 pp.

Joint Committee on Atomic Energy. Summary of the hearing before the Joint Committee on Atomic Energy on atomic power development and private enterprise. December 1953, 23 pp.

Mutual Security Legislation and Related Documents, with explanatory notes. House Committee on Foreign Affairs. December 1953, 201 pp.

Check List of Department of State Press Releases: January 4-10

Releases may be obtained from the News Division, Department of State, Washington 25, D. C.

No.	Date	Subject
*2	1/5	Leddy leave of absence
†3	1/6	Lyon appointment (re-write)
4	1/6	Aid to Italy
†5	1/7	Estate-tax convention with Australia
†6	1/8	Hickingbotham appointment (re-write)

*Not printed.

†Held for a later issue of the Bulletin.

American Principles
Facing the New Year With Confidence (Dulles) 82
Foreign Policy Conference Held at White House (Hagerty) 79
State of the Union Excerpts (Eisenhower) 75
Atomic Energy. Reply From U.S.S.R. on Atomic Energy Proposal (Suydam; Soviet statement) 79
Congress
Current Legislation on Foreign Policy:
83d Congress, 1st Session 102
Foreign Policy Conference Held at White House (Hagerty) 79
State of the Union (Excerpts) (Eisenhower) 75
Survey of the Arab Refugee Situation 95
Economic Affairs
Export-Import Bank Reports on 1953 Activities 89
India's Railway System To Receive Foa Aid 88
Survey of the Arab Refugee Situation 95
Telecommunications Policy and the Department of State (Black) 83
Hong Kong. Emergency Relief for Hong Kong Fire Victims (Stassen) 87
India. India's Railway System To Receive Foa Aid 88
International Telecommunication Union. Telecommunications Policy and the Department of State (Black) 83
Italy. U.S. Aid to Italy 82
Korea
Report of U.N. Command Operations In Korea (75th) 92
U.N. Command Defines Position on Nonrepatriated War Prisoners (Hull) 90
Military Affairs
Report of U.N. Command Operations In Korea (75th) 92
U.N. Command Defines Position on Nonrepatriated War Prisoners (Hull) 90

Mutual Security
Emergency Relief for Hong Kong Fire Victims (Stassen) 87
India's Railway System To Receive Foa Aid 88
Technical Cooperation Survey in Surinam and British Guiana 89
U.S. Aid to Italy 82
Near East. A Survey of the Arab Refugee Situation 95
The Netherlands. Technical Cooperation Survey in Surinam and British Guiana 89
Presidential Documents
Messages to Congress. The State of the Union Excerpts (Eisenhower) 75
Refugees and Displaced Persons. A Survey of the Arab Refugee Situation 95
Treaty Information. U.N. Command Defines Position on Nonrepatriated War Prisoners (Hull) 90
United Kingdom. Technical Cooperation Survey in Surinam and British Guiana 89
U.S.S.R. Reply From U.S.S.R. on Atomic Energy Proposal (Suydam; Soviet statement) 79

Name Index

Black, Richard T. 83
Dulles, Secretary 82, 95
Eisenhower, President 75
Hagerty, James C. 79
Hull, Gen. John E. 90
Molotov, Vyacheslav M. 79
Stassen, Harold E. 87, 95
Suydam, Henry 79

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THE EVOLUTION OF FOREIGN POLICY ● <i>Address by Secretary Dulles</i>	107
U.N. TO RELEASE WAR PRISONERS TO CIVILIAN STATUS	113
ADMINISTRATION OF THE BRITISH-U. S. ZONE OF TRIESTE DURING 1952	124
THE GROWING STRUCTURE OF INTERNATIONAL MOTOR TRAFFIC AGREEMENTS ● <i>Article by H. H. Kelly and W. G. Eliot, 3d</i>	117

For index see inside back cover



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The Evolution of Foreign Policy

Address by Secretary Dulles¹

It is now nearly a year since the Eisenhower administration took office. During that year I have often spoken of various parts of our foreign policies. Tonight I should like to present an overall view of those policies which relate to our security.

First of all, let us recognize that many of the preceding foreign policies were good. Aid to Greece and Turkey had checked the Communist drive to the Mediterranean. The European Recovery Program had helped the peoples of Western Europe to pull out of the postwar morass. The Western powers were steadfast in Berlin and overcame the blockade with their airlift. As a loyal member of the United Nations, we had reacted with force to repel the Communist attack in Korea. When that effort exposed our military weakness, we rebuilt rapidly our military establishment. We also sought a quick buildup of armed strength in Western Europe.

These were the acts of a nation which saw the danger of Soviet communism; which realized that its own safety was tied up with that of others; which was capable of responding boldly and promptly to emergencies. These are precious values to be acclaimed. Also, we can pay tribute to congressional bipartisanship which puts the nation above politics.

But we need to recall that what we did was in the main emergency action, imposed on us by our enemies.

Let me illustrate.

1. We did not send our army into Korea because we judged in advance that it was sound military strategy to commit our Army to fight land battles in Asia. Our decision had been to pull out of Korea. It was Soviet-inspired action that pulled us back.

2. We did not decide in advance that it was wise to grant billions annually as foreign eco-

nomie aid. We adopted that policy in response to the Communist efforts to sabotage the free economies of Western Europe.

3. We did not build up our military establishment at a rate which involved huge budget deficits, a depreciating currency, and a feverish economy because this seemed, in advance, a good policy. Indeed, we decided otherwise until the Soviet military threat was clearly revealed.

We live in a world where emergencies are always possible, and our survival may depend upon our capacity to meet emergencies. Let us pray that we shall always have that capacity. But, having said that, it is necessary also to say that emergency measures—however good for the emergency—do not necessarily make good permanent policies. Emergency measures are costly; they are superficial; and they imply that the enemy has the initiative. They cannot be depended on to serve our long-time interests.

The Need for Long-Range Policies

This “long time” factor is of critical importance.

The Soviet Communists are planning for what they call “an entire historical era,” and we should do the same. They seek, through many types of maneuvers, gradually to divide and weaken the free nations by overextending them in efforts which, as Lenin put it, are “beyond their strength, so that they come to practical bankruptcy.” Then, said Lenin, “our victory is assured.” Then, said Stalin, will be “the moment for the decisive blow.”

In the face of this strategy, measures cannot be judged adequate merely because they ward off an immediate danger. It is essential to do this, but it is also essential to do so without exhausting ourselves.

When the Eisenhower administration applied this test, we felt that some transformations were needed.

It is not sound military strategy permanently

¹ Made before the Council on Foreign Relations, New York, N. Y., on Jan. 12 (press release 8).

to commit U.S. land forces to Asia to a degree that leaves us no strategic reserves.

It is not sound economics, or good foreign policy, to support permanently other countries; for in the long run, that creates as much ill will as good will.

Also, it is not sound to become permanently committed to military expenditures so vast that they lead to "practical bankruptcy."

Change was imperative to assure the stamina needed for permanent security. But it was equally imperative that change should be accompanied by understanding of our true purposes. Sudden and spectacular change had to be avoided. Otherwise, there might have been a panic among our friends and miscalculated aggression by our enemies. We can, I believe, make a good report in these respects.

We need allies and collective security. Our purpose is to make these relations more effective, less costly. This can be done by placing more reliance on deterrent power and less dependence on local defensive power.

This is accepted practice so far as local communities are concerned. We keep locks on our doors, but we do not have an armed guard in every home. We rely principally on a community security system so well equipped to punish any who break in and steal that, in fact, would-be aggressors are generally deterred. That is the modern way of getting maximum protection at a bearable cost.

What the Eisenhower administration seeks is a similar international security system. We want, for ourselves and the other free nations, a maximum deterrent at a bearable cost.

Local defense will always be important. But there is no local defense which alone will contain the mighty landpower of the Communist world. Local defenses must be reinforced by the further deterrent of massive retaliatory power. A potential aggressor must know that he cannot always prescribe battle conditions that suit him. Otherwise, for example, a potential aggressor, who is glutted with manpower, might be tempted to attack in confidence that resistance would be confined to manpower. He might be tempted to attack in places where his superiority was decisive.

The way to deter aggression is for the free community to be willing and able to respond vigorously at places and with means of its own choosing.

So long as our basic policy concepts were unclear, our military leaders could not be selective in building our military power. If an enemy could pick his time and place and method of warfare—and if our policy was to remain the traditional one of meeting aggression by direct and local opposition—then we needed to be ready to fight in the Arctic and in the Tropics; in Asia, the Near East, and in Europe; by sea, by land, and by air; with old weapons and with new weapons.

The total cost of our security efforts, at home and abroad, was over \$50 billion per annum, and involved, for 1953, a projected budgetary deficit of \$9 billion; and \$11 billion for 1954. This was on top of taxes comparable to wartime taxes; and the dollar was depreciating in effective value. Our allies were similarly weighed down. This could not be continued for long without grave budgetary, economic, and social consequences.

But before military planning could be changed, the President and his advisers, as represented by the National Security Council, had to take some basic policy decisions. This has been done. The basic decision was to depend primarily upon a great capacity to retaliate, instantly, by means and at places of our choosing. Now the Department of Defense and the Joint Chiefs of Staff can shape our military establishment to fit what is *our* policy, instead of having to try to be ready to meet the enemy's many choices. That permits of a selection of military means instead of a multiplication of means. As a result, it is now possible to get, and share, more basic security at less cost.

The Far East

Let us now see how this concept has been applied to foreign policy, taking first the Far East.

In Korea this administration effected a major transformation. The fighting has been stopped on honorable terms. That was possible because the aggressor, already thrown back to and behind his place of beginning, was faced with the possibility that the fighting might, to his own great peril, soon spread beyond the limits and methods which he had selected.

The cruel toll of American youth and the non-productive expenditure of many billions have been stopped. Also our armed forces are no longer largely committed to the Asian mainland. We can begin to create a strategic reserve which greatly improves our defensive posture.

This change gives added authority to the warning of the members of the United Nations which fought in Korea that, if the Communists renewed the aggression, the United Nations response would not necessarily be confined to Korea.

I have said in relation to Indochina that, if there were open Red Chinese army aggression there, that would have "grave consequences which might not be confined to Indochina."

I expressed last month the intention of the United States to maintain its position in Okinawa.² This is needed to insure adequate striking power to implement the collective security concept which I describe.

All of this is summed up in President Eisenhower's important statement of December 26.³ He announced the progressive reduction of the U.S. ground forces in Korea. He pointed out

² BULLETIN of Jan. 4, 1954, p. 17.

³ *Ibid.*, p. 14.

that U.S. military forces in the Far East will now feature "highly mobile naval, air and amphibious units"; and he said in this way, despite some withdrawal of land forces, the United States will have a capacity to oppose aggression "with even greater effect than heretofore."

The bringing home of some of our land forces also provides a most eloquent rebuttal to the Communist charge of "imperialism."

NATO

If we turn to Europe, we see readjustments in the NATO collective security effort. Senator Vandenberg called the North Atlantic Treaty pledges "the most practical deterrent and discouragement to war which the wit of man has yet devised." But he said also that "if the concept and objective are to build sufficient forces in being to hold the Russian line . . . it presents ruinous corollaries both at home and abroad."

In the first years of the North Atlantic Treaty Organization, after the aggression in Korea, its members made an emergency buildup of military strength. I do not question the judgment of that time. The strength thus built has served well the cause of peace. But the pace originally set could not be maintained indefinitely.

At the April meeting of the NATO Council, the United States put forward a new concept, now known as that of the "long haul."⁴ That meant a steady development of defensive strength at a rate which will preserve and not exhaust the economic strength of our allies and ourselves. This would be reinforced by the striking power of a strategic air force based on internationally agreed positions.

We found, at the Council of last December, that there was general acceptance of the "long haul" concept and recognition that it better served the probable needs than an effort to create full defensive land strength at a ruinous price.⁵

European Defense Community

One of the emergency aspects of NATO is that it was begun before there was a solid foundation.

For example, Western Europe cannot be successfully defended without a defense of West Germany. West Germany cannot be defended without help from the Germans. German participation is excluded by the armistice arrangements still in force.

The West German Republic needs to be freed from the armistice; and new political arrange-

⁴ For a report on the April meeting of the NATO Council, see *ibid.*, May 11, 1953, p. 673.

⁵ For a report on the December meeting of the NATO Council, see *ibid.*, Jan. 4, 1954, p. 3.

ments should be made to assure that rearmed Germans will serve the common cause and never serve German militarism.

The French produced a plan to take care of this matter. It was to create a European Defense Community, composed of France, Italy, Belgium, the Netherlands, Luxembourg, and West Germany. They would have a European army, including Germans, but there would be no national armies in West Europe.

A treaty to create this defense community was signed in May 1952. But when the Eisenhower administration took office last January, no government had sought parliamentary ratification, and the project was nigh unto death.

President Eisenhower is deeply convinced that there can be no long-term assurance of security and vitality for Europe, and therefore for the Western World including the United States, unless there is a unity which will include France and Germany and end the disunity which has led to recurrent wars, and in our generation to two world wars. As NATO's Chief Commander, and now as President, he continues to make clear the importance which the United States attaches to the consummation of the European Defense Community and, we would hope thereafter, a political community.

Until the goals of EDC are achieved, NATO, and indeed future peace, are in jeopardy. Distrust between France and Germany is inflammable, and already Communist agents are looking to it as a means for international arson.

There are of course immense difficulties in the way of the final consummation of Franco-German unity. But we have confidence that peace will soon have the indispensable foundation of the EDC.

New collective security concepts reduce non-productive military expenses of our allies to a point where it is desirable and practicable also to reduce economic aid. There was need of a more self-respecting relationship, and that, indeed, is what our allies wanted. Trade, broader markets, and a flow of investments are far more healthy than intergovernmental grants-in-aid.

There are still some strategic spots where the local governments cannot maintain adequate armed forces without some financial support from us. In these cases, we take the judgment of our military advisers as to how to proceed in the common interest. For example, we have contributed largely, ungrudgingly, and I hope constructively, to end aggression and advance freedom in Indo-China.

The technical assistance program is being continued, and we stand ready to meet nonrecurrent needs due to crop failures or like disasters.

But, broadly speaking, foreign budgetary aid is being limited to situations where it clearly contributes to military strength.

The Hope

In the ways I outlined we gather strength for the long-term defense of freedom.

We do not, of course, claim to have found some magic formula that insures against all forms of Communist successes. It is normal that at some times and at some places there may be setbacks to the cause of freedom. What we do expect to insure is that any setbacks will have only temporary and local significance, because they will leave unimpaired those free world assets which in the long run will prevail.

If we can deter such aggression as would mean general war, and that is our confident resolve, then we can let time and fundamentals work for us. We do not need self-imposed policies which sap our strength.

The fundamental, on our side, is the richness—spiritual, intellectual, and material—that freedom can produce and the irresistible attraction it then sets up. That is why we do not plan ourselves to shackle freedom to preserve freedom. We intend that our conduct and example shall continue, as in the past, to show all men how good can be the fruits of freedom.

If we rely on freedom, then it follows that we must abstain from diplomatic moves which would seem to endorse captivity. That would, in effect, be a conspiracy against freedom. I can assure you that we shall never seek illusory security for ourselves by such a "deal."

We do negotiate about specific matters but only to advance the cause of human welfare.

President Eisenhower electrified the world with his proposal to lift a great weight of fear by turning atomic energy from a means of death into a source of life.⁶ Yesterday, I started procedural talks with the Soviet Government on that topic.

We have persisted, with our allies, in seeking the unification of Germany and the liberation of Austria. Now the Soviet rulers have agreed to discuss these questions. We expect to meet them soon in Berlin. I hope they will come with a sincerity which will equal our own.

We have sought a conference to unify Korea and relieve it of foreign troops. So far, our persistence is unrewarded; but we have not given up.

These efforts at negotiation are normal initiatives that breathe the spirit of freedom. They involve no plan for a partnership division of world power with those who suppress freedom.

If we persist in the courses I outline we shall confront dictatorship with a task that is, in the long run, beyond its strength. For unless it changes, it must suppress the human desires that freedom satisfies—as we shall be demonstrating.

If the dictators persist in their present course, then it is they who will be limited to superficial successes, while their foundation crumbles under the tread of their iron boots.

Human beings, for the most part, want simple things.

They want to worship God in accordance with the dictates of their conscience. But that is not easily granted by those who promote an atheistic creed.

They want to think in accordance with the dictates of their reason. But that is not easily granted by those who represent an authoritarian system.

They want to exchange views with others and to persuade and to be persuaded by what appeals to their reason and their conscience. But that is not easily granted by those who believe in a society of conformity.

They want to live in their homes without fear. But that is not easily granted by those who believe in a police state system.

They want to be able to work productively and creatively and to enjoy the fruits of their labor. But that is not easily granted by those who look upon human beings as a means to create a powerhouse to dominate the world.

We can be sure that there is going on, even within Russia, a silent test of strength between the powerful rulers and the multitudes of human beings. Each individual no doubt seems by himself to be helpless in this struggle. But their aspirations in the aggregate make up a mighty force.

There are signs that the rulers are bending to some of the human desires of their people. There are promises of more food, more household goods, more economic freedom.

That does not prove that the Soviet rulers have themselves been converted. It is rather that they may be dimly perceiving a basic fact, that is that there are limits to the power of any rulers indefinitely to suppress the human spirit.

In that God-given fact lies our greatest hope. It is a hope that can sustain us. For even if the path ahead be long and hard, it need not be a warlike path; and we can know that at the end may be found the blessedness of peace.

Meeting Place Agreed on for Berlin Conference

Following is the text of a communique issued at Berlin on January 17 by the Office of the U.S. High Commissioner for Germany. Identical statements were released by representatives of France, the United Kingdom, and the U.S.S.R.

At their fifth meeting held at the British headquarters at Berlin on January 16, the representatives of the High Commissioners in Germany of France, the United Kingdom, the United States of America and the Union of Soviet Socialist Re-

⁶ *Ibid.*, Dec. 21, 1953, p. 847.

publics further considered the question of selecting a meeting place for the conference of their four foreign ministers which is to begin in Berlin on January 25, and other technical matters concerning the conference.

The representatives agreed that two buildings should be used for the conference and selected the building at 32 Elsholz Strasse which was formerly used as the headquarters of the Allied Control Council and the building at 63-65 Unter den Linden, the residence of the U.S.S.R. High Commissioner in Germany.

The representatives further agreed that for the first week of the conference the meetings will be held in the building formerly used by the Allied Control Council, that during the second week the meetings will be held in the residence of the U.S. S.R. High Commissioner in Germany, that during the third week the meeting will be held in the building formerly used by the Allied Control Council and that thereafter the place of the meetings will depend upon the course of the conference.

Experts were nominated for the preparation of a number of technical arrangements.

Austria Urges Treaty Action

Press release 12 dated January 12

Following are the texts of a note dated January 5 from the Austrian Government and the reply of the U.S. Government dated January 12 regarding the mutual desire of the two Governments for the early conclusion of an Austrian state treaty:

Austrian Note of January 5

The Federal Government has learned with great satisfaction from the exchange of notes between the Governments of the United States of America, the Republic of France, the United Kingdom and the U.S.S.R. that the conference of the four Foreign Ministers of the above-mentioned states will start in Berlin on January 25, 1954.

Within the spirit of its own repeatedly issued statements as well as of the unanimous resolutions of the Austrian Parliament, the Austrian Federal Government again addresses the urgent appeal to the Government of the United States of America on this occasion to concede to the treatment of the Austrian question such a place within the framework of the forthcoming conference as would facilitate a final and satisfactory settlement and the earliest possible determination of the state of affairs which has burdened and oppressed this country for so many years.

The Federal Government expresses the firm expectation that the hopes of the Austrian nation will not be frustrated again.

U.S. Note of January 12

With reference to the Austrian Government's note of January 5, the Government of the United States has shared for many years the deep desire of the Austrian nation for an early conclusion of a State Treaty. To this end the Government of the United States on July 15, 1953, in proposing a meeting of the Foreign Ministers of the United Kingdom, France, the U.S.S.R. and the United States, declared that an Austrian Treaty clearly constitutes an essential element of European settlement which the United States Government regards as a major contribution to peace, and that agreement on such a treaty should be reached finally whenever the four Foreign Ministers might meet.¹ Again in its notes to the Government of the U.S.S.R. on September 2, October 18, November 16, November 25, and December 8,² the Government of the United States expressed the earnest belief that an Austrian Treaty should be concluded at the earliest meeting of the Foreign Ministers.

The Government of Austria may be assured that there has been no change in the intention of the Government of the United States to seek and take every opportunity of restoring to Austria its well deserved political and economic independence by agreement among the occupying powers on the terms of an Austrian Treaty. The meeting of the Foreign Ministers at Berlin will be such an opportunity and the Government of Austria may be confident that its aspirations will there be given every support by the Government of the United States.

U.S. Export Policy Toward Soviet Bloc

Secretary of Commerce Sinclair Weeks reported on January 13 that U.S. export policy toward the Soviet bloc continues unchanged. Under this policy, the U.S. Government is approving the export of nonstrategic goods to the U.S.S.R. and its European satellites, except for transactions which would adversely affect the security interests of the free world. But U.S. exports to Communist China and North Korea continue under a complete embargo.

This statement on export control policy is contained in the Commerce Secretary's 25th Quarterly Report to the President and the Congress on operations under the Export Control Act.

Secretary Weeks said:

From the outset, our security export controls have been selective—being concentrated on those goods specially identified as of strategic value to the Soviet bloc. Despite the absence of substantive export restrictions on goods of little or no strategic value, however, our exports of

¹ BULLETIN of July 27, 1953, p. 107.

² *Ibid.*, Sept. 14, 1953, p. 351; Oct. 26, 1953, p. 547; Nov. 30, 1953, p. 745; Dec. 7, 1953, p. 785; Dec. 21, 1953, p. 852.

the latter to the Soviet bloc have fallen to extremely low levels over the past several years. To a considerable degree this has reflected the lack of interest on the part of the Soviet bloc in obtaining non-strategic and consumer-type goods.

It has been, and still is, U.S. policy generally to approve the export of non-strategic goods to the U.S.S.R. and its European satellites, except where a particular transaction is viewed as having adverse net impact upon the security interests of the free world.

Secretary Weeks explained that \$1,732,590 worth of nonstrategic goods were licensed to European Soviet bloc destinations during the 12-month period from October 1, 1952, through September 30, 1953. This represented about 85 percent of the total dollar value of export license applications filed for these destinations.

However, U.S. exports to these countries dropped to a new low of \$220,000 in the second quarter of 1953, compared with quarterly average exports in 1952 of \$279,000, and representing three-tenths of one percent of the 1947 quarterly rate of \$85,000,000.

Tobacco and cigarettes comprised 73 percent of these second quarter 1953 exports. The balance was made up largely of secondhand clothing and other nonstrategic commodities.

Secretary Weeks further reported that in the third quarter of 1953 a general review of the adequacy of the current strategic export commodity coverage was initiated. "This effort," he said, "is aimed at (1) restricting the commodity coverage to those specific grades and types which can be identified as of strategic significance to the bloc and which can be effectively controlled; (2) assuring that the coverage of strategic commodities is adequate to meet the security needs of the United States and other free countries, through extensive consultations with industry, United States government technicians, and officials of other cooperating governments; and (3) administering the security export control program in such manner as to obtain the maximum cooperation of friendly nations and the export community."

Secretary Weeks pointed out that the Commerce Department maintains an embargo on all exports to the China mainland and North Korea, as well as a transportation order which bars U.S. ships and planes from calling at or carrying goods intended for Communist China.

Owing to more effective controls exercised by the Hong Kong Government over the flow of strategic commodities to Communist China, U.S. export policy to Hong Kong has been liberalized. Relaxation of consumer goods exports to Hong Kong, begun in mid-1953, was further developed in the third quarter by establishing the new "General License Hong Kong" (not requiring prior application) for such nonstrategic consumer commodities as dairy products, grains, cotton and wool manufactures, paper and soap and toilet preparations.

In addition, the report explained the progress of the Commerce Department in decontrolling short-supply export controls on a wide range of commodities, and the institution of procedures designed to simplify the administration of export controls. These have resulted in economies for the Government and business.

The Secretary's report on third-quarter 1953 operations is published under the title, "Export Control, Twenty-fifth Quarterly Report." The 65-page publication may be obtained from the U.S. Government Printing Office, Washington 25, D. C. or from U.S. Department of Commerce Field Office.

Claims Against Former Ruling Dynasty of Egypt

Press release 14 dated January 14

A recent change in the Egyptian law relating to the property of the former royal family will be of interest to American persons or firms having claims against members of the former ruling dynasty of Egypt.

Law no. 598 provides for the creation of a legal committee empowered to handle all claims against any member of the Mohammed Ali Dynasty. Claims against any member of the dynasty must be submitted, without court fees, to the "Chairman, Legal Committee, Mohammed Ali Dynasty, Ministry of Justice, Cairo, Egypt," by February 7, 1954. The claim must be submitted in an original and sufficient number of copies to correspond to the number of claimants involved, and must give details with supporting documents.

It has been confirmed that persons who previously submitted claims to the Confiscated Property Liquidation Committee, which has now been abolished, should submit new claims to the newly formed Legal Committee.

Haile Selassie to Visit U.S.

White House press release dated January 12

His Majesty Haile Selassie I, Emperor of Ethiopia, has accepted the invitation of the President of the United States to visit Washington as his guest. His Imperial Majesty will arrive in Washington during the month of May for a visit of several days, to be followed by a tour of the United States.

The visit will mark the first time that a sovereign of Ethiopia has come to the United States, although His Majesty The Emperor had traveled extensively in Europe before the war.

U.N. To Release War Prisoners to Civilian Status

Following are the texts of (1) a letter dated January 14 from Lt. Gen. K. S. Thimayya, Chairman of the Neutral Nations Repatriation Commission, to Gen. John E. Hull, United Nations Commander; (2) statements of January 14 by the Swiss and Swedish members of the Neutral Nations Repatriation Commission regarding General Thimayya's letter; and (3) a letter dated January 16 from General Hull in reply to General Thimayya's letter.

GENERAL THIMAYYA'S LETTER OF JANUARY 14

I have the honor to refer to the commission's letter Nr N_{NRC}/REP/1 dated 2nd January 1954¹ and your reply dated 6th January 1954.¹

1. As mentioned in the commission's letter dated 2nd January 1954, the N_{NRC} has been able, hitherto, to implement, only to a limited extent, the procedures set out in the terms of reference.

2. The unrepatriated prisoners in the custody of the commission include a number of POWs who have declined to exercise their right of repatriation. There are also a much larger number who have not been able to avail themselves of the procedures laid down in the terms of reference and the rules made thereunder in regard to the exercise, by the POWs, of their right of repatriation.

3. The question of the disposition of POWs who have not exercised their right to repatriation has to be referred by the N_{NRC} to the political conference. Although such reference is mandatory, it has not eventuated as the said political conference has not materialized. Further, the explanation procedures to which all prisoners are entitled under the terms of reference and which are enjoined on the commission have been carried out only in respect of a small proportion of the total of the POWs in custody.

4. These and other failures in respect of the implementation of the terms of reference are due to causes and factors which have not originated with the N_{NRC} and the custodial force of India and for which they bear no responsibility.

5. Further or fuller implementation by the com-

mission of the procedures and of the purposes of the terms of reference as from the date of the 24th December 1953 was possible only by agreement between or with the two commands in respect of extension of the periods of explanation and custody and with regard to such alternate or extended procedures as may have become necessary by the failure of the political conference to materialize.

6. The N_{NRC} has repeatedly made suggestions and requests to the two commands in respect of these matters. The facts of the situation confronting the N_{NRC} were, finally, set out at length in its letter and annexed memorandum of 2 January.

7. In particular, the commission posed four questions on matters which are basic to any fuller implementation of the repatriation agreement by the N_{NRC} and requested your answers in respect of them.

8. The N_{NRC} has been favored with your replies to each of these questions. Your answers seek "to remove any possibility of doubt or misunderstanding of U_{NC} views" and have reiterated "the firm position" of the U_{NC}.

9. The N_{NRC} notes that the firm position of the U_{NC} in respect of each of the four matters is:

(a) That continuance of explanations is not possible;

(b) That in the opinion of the U_{NC} it is "extremely improbable that a political conference will be in session prior to 22nd January";

(c) That the U_{NC} sees no justification for entering into any discussion to consider the disposition of unrepatriated POWs; and

(d) That the competence of the CFI [Custodian Force, India] for holding POWs in custody ceases on the 23rd January 1954 at 0001 hours.

10. The above answer setting out the firm position of the U_{NC} places it beyond doubt that the U_{NC} is unable to agree to the establishment of conditions or procedures which are basic to and without which the N_{NRC} cannot seek to implement further procedures and purposes of the terms of reference.

11. The N_{NRC} has, therefore, to make its decision in the light of the existing situation and its own appreciation of the terms and purposes of the terms of reference and the responsibilities and obligations arising therefrom.

¹ Not printed.

12. It is also noted that in your reply of the 6th January 1954 you have further set out the views of the UNC

(a) That the political conference has "no determining relationship to the questions of POWs in NXRC custody";

(b) That paragraph 11 of the terms of reference² preclude your entering into any discussion to consider further the disposition of the POWs;

(c) That the position as set out in (b) above "was clearly indicated in the armistice negotiations which resulted in the terms of reference for the NXRC"; and

(d) That it is "the express responsibility of the commission to release prisoners to civilian status" on the 23rd January 1954 at 0001 hours.

13. The NXRC has received from the KPA [Korean People's Army] and CPV [Chinese People's Volunteers] command their answer. They insist:

(a) That the explanation period should be extended and explanations resumed;

(b) That the problem of the unrepatriated prisoners should be referred to the political conference; and

(c) That the NXRC and CFI should continue to exercise "their legitimate functions".

14. The NXRC considers it necessary to state its own position, based on the terms of reference and its purposes, and its appreciation of the same in regard to aforesaid affirmations set out in paragraph 12 herein:

(1) The NXRC is unable to agree that the political conference has no determining relationship to the question of the POWs as stated in your reply. The view of the commission is that the political conference is an integral part of the pattern and procedures laid down in paragraph 11. The elimination or the non-emergence of an integral part of the pattern cannot be regarded as inconsequential or having little or no effect on the rest of the procedures or on the decisions in regard to the status and disposition of the POWs that it is the duty of the NXRC to make.

(2) The NXRC is unable to agree that the terms of paragraph 11 preclude further discussion on matters relevant to the purposes of the agreement between the two commands. The NXRC has on various occasions sought agreements with either or both commands and has not regarded such discussion with or between the commands for the implementation of the terms of reference and its purposes as being precluded. It will also be recalled that the temporary agreement Annexure 2 of the armistice agreement is dated the 27th of July 1953 after the signature of the terms of reference Annexure 1 on the 8th day of June 1953.

(3) The NXRC was not party to the armistice

negotiations and has no knowledge of the indications made by the parties to each other during the negotiations to which you refer in your reply.

(4) The NXRC is unable to agree that it has the express responsibility to release prisoners to civilian status. The terms of reference do not provide for such release. It is, however, provided that the commission shall "declare relief from the POW status to civilian status" subsequent to the implementation of certain procedures prescribed in the terms of reference. These procedures however have not been implemented, and in consequence, the NXRC is rendered lacking in capacity even to "declare" such "relief".

15. The NXRC has given deep and anxious consideration to the problem of the status and disposition of the POWs in its custody in the situation confronting it and come to the following decisions:

(1) The NXRC has no competence to release POWs; such an eventuality is not provided for, or contemplated by the terms of reference;

(2) The final disposition of POWs which alone would include release is not assigned to the NXRC by the terms of reference;

(3) The NXRC has no competence at present to "declare" "relief" from POW status to civilian status of the prisoners in its custody as the procedures prescribed, preceding such declaration, have not been implemented.

(4) The NXRC has not been enabled to continue custody beyond the 23rd of January 1954 or to perform any functions to further the implementation of the terms of reference owing to lack of agreement between the commands concerned.

16. In the light of the above decisions, I, as Chairman and Executive Agent of the commission and having the custody of the POWs have come to the conclusion that the only correct and lawful and peaceful course open is to restore the prisoners to the custody of the former and respective detaining sides immediately prior to the 23rd of January 1954.

17. I therefore propose to request you to accept the restoration of custody as on 20th of January 1954 at 0900 hours and hope that this will be completed as speedily as possible.

18. Restoration of custody will take place on the border of the southern sector of the DZ and the CFI perimeter and the POWs be accepted on your side of the border according to established procedures in regard to the transfer of POWs.

19. I as Chairman and Executive Agent of the commission desire to state in the clearest manner that in restoring the POWs to the custody of former detaining sides, I am doing so because I can neither retain custody of POWs nor further implement the terms of reference nor release them. I am not doing so to establish any alteration in their status or to effect the final disposition of POWs.

² BULLETIN of June 22, 1953, p. 867.

20. Further, the commission in pursuance of its function and authority to interpret the terms of reference, is of the view that the alteration of the status of POWs either by declaration of civilian status or disposition in any other manner requires the implementation of the procedures of explanation and political conference to precede it; such procedures being pursued to their legitimate termination as prescribed in the aforesaid terms, unless the two commands agree on alternative procedures or courses of action in regard to status and disposition of POWs. Any unilateral action by any party concerned will not be in conformity with the said terms of reference.

21. In adopting this course the commission is persuaded by its earnest desire to further the purposes of the armistice agreement, to conform to lawful and impartial procedures within the context of the existing situation, to avoid possible outbreaks of violence and to act in conformity with the purpose and spirit of the Geneva Convention relating to the treatment of POWs.

22. I venture to express the confident hope that the respective commands will be persuaded by the same desires in the further steps each of them will take in relation to the status and disposition of the POWs who will soon be restored to their custody.

23. I am grateful to the UNC for the renewal of its assurance that it is prepared to assist the commission until the time of its dissolution and desire to assure them that it has endeavored to discharge its obligations with objectivity and to the best of its abilities. I shall be grateful for your reply to this by the 16th of January 1954.

K. S. THIMAYYA
Lieutenant General
Chairman NXRC

SWISS MEMBER'S STATEMENT

At today's meeting of the NXRC, the chairman, General Thimayya, has informed the Commission of two letters intended to be sent to the two commands, proposing the restitution of the POWs to the former detaining sides prior to 23 January.

After the rejection of the Swedish proposal of 11 January,³ which was supported by the Swiss member of the Commission, regarding the declaration of transfer of the POWs to civilian status, the Swiss delegation, notwithstanding certain legal objections, is, on principle, prepared to agree with restitution of the POWs to both commands for humanitarian reasons. However, in the view of the Swiss delegation, the NXRC has, contrary to the opinion expressed in the above-mentioned letters, no right to declare the restitution of the

POWs dependent upon the condition that no alteration in their status be made or that the transfer of the POWs shall have no effect on their final disposition. As a matter of fact, the Commission has never taken such a decision.

The Swiss delegation disagrees with these two letters. The chairman has decided to send them in his own name and on his own responsibility.

SWEDISH MEMBER'S STATEMENT

The chairman of the NXRC has today, in his own name and on his own responsibility, written to the Commands of both sides proposing the restoration of the POWs remaining under the custody of the NXRC to the respective commands from which they were received.

As the Swedish proposal regarding the absolute duty of the NXRC to declare the relief from the POW status to civilian status of such remaining prisoners on January 22 was rejected by a majority of NXRC, and as there appears to be no possibility of reaching agreement within the NXRC on the final disposition of the prisoners of war, the Swedish member thought it reasonable that the prisoners should be restored to the former detaining sides.

The Swedish member objected, however, to the motivations contained in the said letters on the grounds that they gave the impression of being the unanimous view of NXRC, whereas in almost all cases they represented, in fact, the opinion of the chairman only, or of a majority of the Commission, composed one way or another.

GENERAL HULL'S LETTER OF JANUARY 16

I have read your letter of 14 January in which you propose to request the United Nations Command to accept the restoration of custody, beginning at 0900 hours, 20 January, of those prisoners of war given over to the Neutral Nations Repatriation Commission by this command.

In my communication to you of 6 January, the position of the United Nations Command was stated clearly. That position has not and will not be changed, since it is founded on both the spirit and the letter of the terms of reference which embody the factors of humanity and justice for the prisoners themselves and the recognition of their inalienable right of freedom of choice.

It is recognized that Communist intransigence made it impossible for the Neutral Nations Repatriation Commission fully to accomplish its mission under its agreed terms of reference. The United Nations Command in good faith turned over the prisoners of war in its custody to the Neutral Nations Repatriation Commission, with confidence that each prisoner would be given full

³ Not printed.

opportunity to hear explanations and to make freely and without coercion his own choice as to his future. The United Nations Command made an earnest effort to explain their rights to repatriation to the prisoners it turned over to custody of the Neutral Nations Repatriation Commission. The United Nations Command also sought to assist the Neutral Nations Repatriation Commission in conducting explanations to prisoners of war formerly detained by the United Nations Command. Failure to complete explanations to more than a minority of prisoners of war formerly detained by the United Nations Command can only be attributed to the stubborn refusal of the Korean People's Army and Chinese People's Volunteers to continue explanations except under conditions of their own choosing, which conditions required the use of physical force against the prisoners of war. Such use of force is contrary to the terms of reference, the Geneva Convention and the universally accepted concepts of human decency and rights. The United Nations Command supports and commends the Neutral Nations Repatriation Commission and the Custodian Force, Indian, in their refusal to use force illegally against prisoners of war.

The United Nations side has made every effort to convene the political conference recommended in Paragraph 60, Armistice Agreement, and referenced in Paragraph 11, Terms of Reference, Neutral Nations Repatriation Commission, which was to consider within the specified period of thirty days the disposition of prisoners of war. These efforts have been thwarted by the other side. However, as I made clear in my letter of 6 January, the plain intent of Paragraph 11 of the Terms of Reference is to prevent either party to the agreement from frustrating the basic purpose of avoiding indefinite captivity for the prisoners.

For the United Nations Command now to agree to further and indefinitely prolonged captivity of these prisoners of war would negate the very principle of human rights for which so many men of this command have fought and died. Such unjust and unworthy action is intolerable to any free people, and is obviously unthinkable. The United Nations Command agreed to the Terms of Reference for the Neutral Nations Repatriation Commission only because they included a prohi-

bition against enforced repatriation, and made clear provisions for the final release of prisoners of war to civilian status 120 days after being placed in the custody of the Neutral Nations Repatriation Commission.

I reiterate the unalterable conviction of the United Nations Command that the Neutral Nations Repatriation Commission has a solemn obligation to fulfill its responsibilities and release to civilian status at 23 January all prisoners of war who have refused repatriation. Failure of the Neutral Nations Repatriation Commission to fulfill this obligation would be a deliberate avoidance of an important element of the Terms of Reference and the United Nations Command could not concur in an action constituting default by the Neutral Nations Repatriation Commission.

The United Nations Command cannot accept custody of these prisoners of war in accordance with the terms of your proposal. However, in view of your stated intention to release unilaterally the prisoners of war starting 20 January, the United Nations Command must necessarily be prepared to arrange for their accommodation and disposition. In processing these personnel, after they leave the demilitarized zone, it must be clearly understood that we do so out of regard for humanitarian consideration and in order to insure the prisoners the fullest possible continued enjoyment of the benefits the agreement was designed to assure to them. The United Nations Command, in accordance with the agreement on prisoners of war, will honor its obligation to treat them as fully entitled to their freedom as civilians on 23 January. You are already aware of the detailed plans for processing which have been made by the United Nations Command. The return to the United Nations Command of personnel prior to 230001 January can only be regarded as a failure by the Neutral Nations Repatriation Commission fully to discharge its duties, but this failure will in no way, it must be emphasized, affect the right of prisoners of war to become civilians at that time regardless of their physical location.

Accordingly, I have instructed the Commanding General, Eighth United States Army, to adjust his present plans to permit handling and processing of personnel beginning 20 January. He will, as a matter of priority, make the necessary arrangements with you.

The Growing Structure of International Motor Traffic Agreements

by *H. H. Kelly and W. G. Eliot, 3d*

In the expanding field of international travel, there is rising a structure of formal agreements among nations which is rapidly making it easier for motorists to travel in foreign countries. And motoring, of course, is one of the best ways to travel.

These agreements are designed to open wide the highways of the free world to bona fide tourists in automobiles, by such essential means as reciprocal recognition of drivers' licenses and registration plates, standard rules for safe driving, minimum equipment requirements, uniform road signs, and facilitation of passage through customs. Eventually they should make it almost as easy for a U. S. motorist to drive a car in Europe or other parts of the world as to take a long trip in his own country.

At the base of the structure of international agreements is the Convention on Road Traffic.¹ This treaty was drawn up at a United Nations conference at Geneva in 1949, came into force in 1952, and has been ratified to date by the following: United States, France, Czechoslovakia,² Monaco, Sweden, Greece, Union of South Africa, Philippines, Netherlands, Cuba, Luxembourg, Italy, the Vatican City, and Syria. Further ratification by most of the countries of the world appears to be only a question of time, and the treaty is already looked upon as the key instrument in the field of international motor traffic.

The Geneva Conference in 1949 recognized that there were certain specific problems which would require further study and elaboration, among them: 1) the definition of proper qualifications of drivers, 2) the possible development of a truly worldwide code of road signs and signals, and 3)

the spelling out of provisions for facilitating clearance of tourist automobiles through customs. Much work has been done on all of these under the aegis of the United Nations, and the member governments are now considering proposals for formal agreements in these fields. The U. S. Government, with the active assistance of State officials and motoring associations among other interested groups, has played an active part in the three projects mentioned above.

Qualifications of Drivers

The 1949 Convention on Road Traffic provides for the international recognition of driving licenses issued by any Contracting State to persons over 18 years of age who have given proof of their competence to drive. It does not, however, define "proof of competence." In view of the known wide differences in licensing requirements, the United Nations in 1952 named a small international committee of experts, representing the six principal regions of the world, to study the matter and to recommend uniform international standards, with particular reference to "proof of competence."

This committee, which elected as its chairman Rudolph F. King, Registrar of Motor Vehicles for the Commonwealth of Massachusetts, submitted a lengthy report which was accepted by the United Nations Economic and Social Council on April 15, 1953. The Council's resolution on this subject proposed an amendment to annex 8 of the 1949 convention to provide that the requirement of "proof of competence" shall have been met if the driver's permit was issued after a satisfactory examination of his ability to drive safely, his knowledge of traffic laws and regulations, and his physical and mental fitness. The details of this examination are left to the discretion of the individual nation, but helpful recommendations are contained in the full report of the committee of experts. Other provisions of the amendment deal with permits antedating the convention of 1949, learners' permits, and permits issued to disabled persons.

Noteworthy advantages and few drawbacks can

¹ For an article on "United Nations Conference on Road and Motor Transport," see BULLETIN of Dec. 12, 1949, p. 875a.

² Czechoslovakia, which ratified the convention in 1950, is the only member of the Soviet bloc to have taken such action. It is not anticipated that any motorists from that country will make application for travel in the United States or that any United States motorists will desire to travel in Czechoslovakia under existing conditions. Passport and visa controls are not affected by the Convention on Road Traffic.

be foreseen in the acceptance of the amendment by the United States and other countries. Most important to us would be the assurance that foreign visitors driving on our highways have met reasonable standards of capability and proficiency. We are already, by the 1949 convention, committed to the recognition of foreign driving permits; the amendment would only require that our foreign visitors be generally as well qualified as our own drivers.

Most of our own drivers, even under the strengthened international requirements, would continue to enjoy foreign driving privileges. With few exceptions, the licensing procedures in all our States substantially meet the requirements for "proof of competence" as defined in the amendment. Most of our States follow standards recommended by the American Association of Motor Vehicle Administrators and grant permits only after tests of driving ability, knowledge of traffic laws, and eyesight. The applicant also must make a formal certification that he is not suffering from certain specified physical or mental disabilities. A driver licensed in a standard State, however, if he wished to drive in a foreign country, would have to obtain another license in a State where adequate examinations are given.

Some difficulty might be experienced, at least initially, if local enforcement officials failed to accept the validity of foreign licenses that would have to be recognized under the amended convention. This could be minimized by the systematic circulation of a list of the countries in which "proof of competence" must be demonstrated.

The amendment, of itself, would require no new legislation or change of administrative procedure in any State. A State that does not have adequate licensing standards, however, would be under pressure for improvement for the benefit of its citizens who wish to travel abroad. Any such improvement, indeed, would require only the acceptance of standards already well established in this country.

On the basis of the foregoing considerations the Department of State, in January 1954, replied to the U.N. Secretary-General in the following terms:

1. The United States Government regards with satisfaction the recommendations of the United Nations with reference to the qualifications of motor vehicle drivers in international traffic. The United States, since 1952, has been a party to the Convention on Road Traffic of 1949, to which the present recommendations constitute only an amendment defining "proof of competence".

2. The amendment will provide a more definite safeguard against unqualified drivers in international traffic, and so will be of mutual benefit to all parties to the Convention.

3. The Executive Branch of the United States Government will accordingly submit to the Senate of the United States, for its advice and consent to ratification, the proposed amendment to Annex 8 of the Convention on Road Traffic of 1949. If the Senate gives such advice and

consent, the United States Government will accept the proposed amendment.

4. When the amendment comes into force, the United Nations should arrange for the preparation and circulation to the member nations of information as to the nations and political subdivisions whose domestic requirements for driver licensing meet satisfactorily the international requirements, to be periodically revised and brought up to date.

5. When the amendment comes into force the United States Government will advise the appropriate authorities of the various states of the Union concerning the provisions of the amendment, and will transmit to them periodically current information as to the foreign drivers' permits that are to be recognized as valid in this country.

Road Signs and Signals

The second proposed agreement relating to international motor travel deals with a worldwide uniform system of road signs, signals, and markings. The advantages of such uniformity as a convenience to the tourist and as an aid to greater safety are obvious.

A Protocol on Road Signs and Signals, prescribing a uniform system for such traffic control devices, was approved by the 1949 Conference on Road and Motor Transport as a part of the 1949 convention. The United States was not able to sign or ratify this protocol, since it was based wholly on European practices and was quite inconsistent with the existing American standards.

On the recommendation of the Conference, the United Nations in 1950 appointed a special group of six experts, including, as its North American representative, the late H. E. Hilts, Deputy Commissioner of the United States Bureau of Public Roads, to study the problem of possible further unification. This group, after full consideration of existing systems and extensive research into the visibility, legibility, and intelligibility of various combinations of sign shapes, colors, and symbolization, submitted in 1952 its recommendations for incorporating in a single standard what appeared to be the best elements of existing practices.

The United Nations Economic and Social Council, by resolution of April 15, 1953, decided to substitute the new proposals for the 1949 protocol and authorized the Secretary-General to consult with the various nations as to whether the new protocol should be opened for signature and ratification.

In response to an inquiry from the Secretary-General, the Department of State, in November 1953, replied in terms which sum up briefly the potential value of the proposed agreement in many parts of the world, while indicating, at the same time, the reasons why this country cannot accept it:

1. The United States Government regards with satisfaction the work performed to date by the United Nations in preparing the Protocol on a Uniform System of Road Signs and Signals for worldwide application. The report of the United Nations group of experts, in which an officer of this government participated as the regional representative for North America, is an excellent one. The Protocol represents a fair compromise among the various systems of signs and signals now in use, and incorporates many features of current American practice. The report

may be said to have accomplished already its primary objective in establishing a desirable basis for worldwide uniformity. Whether or not the Protocol is signed and ratified by all nations as a binding international agreement, its value will be recognized as a guide to national practices.

2. The United States approves in principle the proposed "Draft Protocol on a Uniform System of Road Signs and Signals" but is unable to sign and ratify for the following reasons:

(a) All of the road signs and signals in this country are installed by the various political subdivisions—states, counties, municipalities, etc. Since a substantial measure of uniformity has been achieved through voluntary adherence to the American Standard "Manual on Uniform Traffic Control Devices" and through the administrative authority of the United States Bureau of Public Roads in the Department of Commerce, it does not appear desirable at present to endeavor to impose by law or treaty a single national system.

(b) Changes in the American standard manual above referred to are under consideration from time to time. There is need in the United States for a certain flexibility in specifications, which would be impaired by adherence now to an international code.

3. The above observations are based on the special situation existing in the United States, where road mileage, vehicle usage, sign and signal installations, and the legal authority of the individual states present a large and complicated problem. The observations would not appear to apply to many other nations, in which the United Nations proposals could doubtless be adopted promptly and with relatively little difficulty, for example, those in which road-signing is still in an early state of development or those which have centralized national authority in such matters.

4. The following answers are submitted to certain specific questions posed by the Secretary General of the United Nations:

(a) The United States has no technical observations to make on the specific contents of the "Draft Protocol on a Uniform System of Road Signs and Signals," which appear highly satisfactory for adoption in numerous countries. The United States hopes that the Protocol will be so adopted, that the matter will be kept under review by the Economic and Social Council and its Transport and Communications Commission, and that the Secretary General will report periodically on the status of adoption of the Protocol or of the acceptance of its provisions by other means.

(b) The United States defers to the judgment of other governments as to an appropriate date for the opening of the Protocol for signature.

(c) The United States is unable to sign or ratify the Protocol at present, but the appropriate agencies of the Federal Government will maintain contact with state and local authorities with a view to the eventual adoption by them, to as large an extent as possible, of the uniform standards set forth in the Protocol.

The Question of States' Rights

With regard to the two proposals discussed above, there may appear to be some inconsistency in the positions taken by the U.S. Government. In the one case, the new international agreement would recognize foreign drivers' licenses without any action being taken by the States individually. In the other case, the States will continue in their freedom to use road signs and signals of their own choosing.

Actually there is no real conflict in principle.

Both proposals lie in the field of interstate and foreign commerce, control of which has always been reserved to the Federal Government, subject to the action of Congress. Recognition of foreign-driver permits by international treaty has important practical advantages. Aside from the administrative difficulties that would be involved, the Constitution does not permit individual States to enter into reciprocal agreements with foreign countries. In any event, the United States, by ratifying the Convention on Road Traffic of 1949 and the Convention on the Regulation of Inter-American Automotive Traffic of 1943, has already accepted recognition of foreign-driver permits as national policy. The standardization of road signs and signals, on the other hand, is not considered practical because the benefits of decentralized administration still seem to outweigh the possible advantages of a more complete uniformity, even on an international basis.³

Customs Formalities on Automobiles and Tourism

A third project which stems in part from the basic work performed on the 1949 Convention on Road Traffic relates to customs formalities for the temporary importation of private vehicles and for tourism. Its purpose is to standardize and simplify the requirements to which tourists' automobiles and tourists' effects in general are subject when crossing international boundaries.

In June 1949 the United Nations Economic Commission for Europe (ECE) completed a draft customs convention covering both automobiles and general touring in a single document. In September of that year the world Conference on Road and Motor Transport at Geneva gave attention to the special problem of customs formalities for private automobiles and wrote into article 3 of the Convention on Road Traffic brief provisions

³In the developing of these positions, the following agencies and organizations, which were consulted and given complete documentation, approved the statements to the U.N. Secretary-General essentially as quoted above or, in a few instances, with respect to one or the other of the proposals, stated that they were not qualified to express a judgment: Department of Commerce, Department of Defense, Department of Health, Education, and Welfare, Department of Justice, Interstate Commerce Commission, American Association of Motor Vehicle Administrators, American Association of State Highway Officials, American Automobile Association, American Automobile Touring Alliance, American Municipal Association, American Road Builders Association, Association of American Railroads, Association of Casualty and Surety Companies, Automotive Safety Foundation, Institute of Traffic Engineers, International Association of Chiefs of Police, International Road Federation, Joint Committee on Uniform Traffic Control Devices, National Association of Automotive Mutual Insurance Companies, National Association of Independent Insurers, National Committee on Uniform Traffic Laws and Ordinances, National Conference of Commissioners on Uniform State Laws, National Highway Users Conference, National Safety Council, United States Chamber of Commerce.

encouraging the simplification of customs requirements and recognizing the validity of the customs bond or pass (*carte de passages en douane*) issued by authorized motoring associations. It became apparent at the conference that much more comprehensive provisions would be necessary eventually and that automobiles and tourists' personal effects represented two separate problems. So the lines were laid for the task which is now nearing completion.

In 1952, acting upon resolutions adopted by the Transport and Communications Commission and the Economic and Social Council, the Secretary-General of the United Nations circulated to all member governments for comment the ECE draft convention and other material. Replies indicated the desirability of having two separate conventions, and the Economic and Social Council (on the recommendation of the Transport and Communications Commission) adopted on April 15, 1953, a resolution instructing the Secretary-General to convene a conference of governments in 1954. In November the United Nations gave notice that the conference will be held at New York City beginning May 11, 1954.

The United States position for the conference is now being prepared at Washington, on the basis of comprehensive documentation assembled by the United Nations Secretariat. The principal Federal agencies concerned are the Departments of State, Treasury, and Commerce, but the advice of other units of government will be obtained

through the Interdepartmental Committee on Foreign Travel. Close liaison is also being maintained with private groups, notably motoring and touring associations.

A fact that already has emerged from the study of the documents is that the United States is one of the most liberal countries in the world in its treatment of international travelers. For the foreign visitor entering the United States there are, in the usual case, no formalities of any kind, other than an oral declaration, for the temporary entry of his automobile or personal effects. For the U.S. resident returning from abroad the exemption of up to \$500 for free entry of purchases is unequalled in other countries.

If successful solutions are found at the New York conference next May, the resulting agreements among nations of the free world may be expected to contribute greatly to the facilitation of international travel, which in many of them is an increasingly important economic and social factor. For the individual motorist or tourist, whose name is legion, advantages of the simplification of the dreaded "clearance through customs" are manifest.

• *The authors: Mr. Kelly is in charge of inland transport matters for the Office of Transport and Communications Policy, Department of State. Mr. Eliot is head of the traffic safety and motor vehicle regulations unit in the Highway Transport Research Branch, Bureau of Public Roads, Department of Commerce.*

Earnings on U.S. Investments Overseas During 1952

Earnings on U.S. investments abroad amounted to \$2.7 billion in 1952, the Office of Business Economics of the Department of Commerce announced on December 23. According to a recently completed analysis published in the December *Survey of Current Business*, the 1952 total was slightly above 1951 and nearly 50 percent larger than the average of the 6 earlier postwar years.

Earnings of foreign investments are the sum of the U.S. share of earnings of U.S.-controlled direct investment companies (whether remitted to this country or held abroad as undistributed subsidiary earnings), receipts from foreign portfolio securities owned by United States investors, and receipts by the U.S. Government on credits extended abroad.

Expansion in earnings reflects the greatly enlarged American investment abroad. This investment aided foreign-economic development and contributed in substantial measure to meeting the

high postwar world demands for raw materials and enlarged foreign requirements for the broad range of products turned out in increasing quantity by American-owned enterprises abroad. New postwar capital investment by these enterprises through 1952 aggregated over \$8 billion, of which about half represented reinvested foreign earnings, the *Survey* article states.

Earnings of about \$2.3 billion on direct investments abroad comprised 85 percent of the 1952 total. While this represented a slightly higher amount than in 1951, the earnings remitted to the United States declined for the first time in the postwar period. In 1949, there was a drop in earnings associated with the business adjustment in the United States and elsewhere, and the accompanying reductions in some important world prices, but income remittances were maintained by cutting down on undistributed earnings. Last year, however, total profits were higher, but there was a decline in remittances as earnings retained abroad were the largest for any year. In part, this reflected some impediments to the transfer of earnings by reason of exchange controls, but the

remainder was held to finance expansion programs or for other corporate purposes.

Retained earnings in 1952 amounted to \$875 million, and dividends and branch profits remitted to the United States to about \$1.4 billion. These earnings were after payment of foreign income taxes which in 1950 amounted to 30 percent of before-tax earnings. The tax rate has been higher in subsequent years, though a more recent percentage figure is not available. Thus, these foreign direct investment companies have paid well over \$800 million per year in the past 3 years to foreign governments in the form of direct income taxes. Their actual contribution to foreign government tax receipts is, of course, larger not only because of indirect taxes but by reason of the general lift which their operations give to the national income and hence the tax base of countries in which they operate.

U.S. Equity in Earnings of Direct Private Foreign Investments, by Area and Industry, 1951 and 1952

(million of dollars)

	Total	Canada	Latin American Republics	Western Europe	Other Countries
Total:					
1951-----	2, 236	420	888	302	627
1952-----	2, 280	419	888	305	667
Petroleum:					
1951-----	896	3	409	49	436
1952-----	1, 013	12	438	79	483
Manufacturing:					
1951-----	696	268	170	194	65
1952-----	643	257	156	169	61
Mining and smelting:					
1951-----	220	68	104	4	44
1952-----	209	54	96	5	53
Other industries:					
1951-----	424	81	206	54	83
1952-----	416	97	197	53	69

The Office of Business Economics analysis throws interesting light on the extent to which these direct investment companies operating abroad supply the needs of the U.S. market. They provided one-fifth of total U.S. imports in 1952, according to a detailed study of 19 commodities of major importance in the U.S. economy. Some of the commodities—such as petroleum, copper, nickel, and aluminum (including bauxite)—are obtained almost entirely from foreign enterprises in which Americans are the principal investors. For others like crude rubber and iron ore, a smaller share comes from U.S.-controlled companies. In the case of iron ore, however, the supply from U.S.-developed sources abroad through new investments currently being made will be greatly expanded, and this will also be true of such commodities as manganese and titanium.

Sales by these direct-investment enterprises in the U.S. market yield more dollars than are currently required for the remittance of earnings to the United States and account for about one-third of their total earnings. Furthermore, the enterprises established abroad since the war have become major sources of supply for various products which formerly had to be purchased for dollars in the United States.

Income received on U.S. portfolio investments abroad, i.e., holdings of foreign securities, claims, or miscellaneous assets not connected with foreign affiliated companies, was nearly \$200 million in 1952. Income from this source was small relative to the income from direct investments, which indicates the major shift in the character of our investments abroad over the past quarter century. In the 1920's, when portfolio lending predominated, portfolio earnings represented over 40 percent of total earnings, as against less than 10 percent today.

Interest payments by foreign countries on credits extended by the U.S. Government were about \$200 million in 1952, and further payments on schedule would bring an increase in 1954. About 80 percent of the interest is paid by countries in Western Europe, mainly the United Kingdom and France.

Partial data available for 1953 indicate little overall change in earnings on direct investments, although there are some differences among industries. Prices of many mineral and agricultural commodities produced abroad by the U.S.-controlled enterprises were lower in 1953, but there was no major change in petroleum production or prices. The petroleum companies account for about two-fifths of direct investment earnings. Industrial activity in many foreign countries increased late in 1952 and continued to rise in 1953, so that manufacturing earnings are expected to be higher this year than in 1952.

FOA Country Directors in Latin America Meet

Directors of U.S. Operations Missions in 19 Latin American countries began a five-day conference in Lima on January 14 to report progress on current programs and to make plans for the coming year.

The United States has been carrying on technical-cooperation programs in the 19 countries since 1942 and currently has available \$22 million to finance projects which are carried out on a joint basis with the Latin American Republics. The projects in the fields of agriculture, education, health, public administration, natural resources, and transportation are designed to increase the

standard of living in the various countries through teaching local technicians to carry on the work in the various fields of activities. Contributions of the local governments to the joint programs average more than three times that of the United States.

Harold E. Stassen, Director of Foreign Operations, and other key Foa officials directly concerned with Latin American operations attended the regional meeting. Similar conferences have previously been held with the Foa country directors in Western Europe and the Near East. A Far East meeting is planned for Manila in February.

The on-the-spot regional meetings have been arranged by Foa as part of its program to decentralize operations and delegate authority to the field personnel. Through these meetings, Washington officials are able to get firsthand reports on the progress of the programs and advise field personnel of current operating policies.

U.S. Operations Missions to the following countries were represented at the meeting: Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, and Venezuela.

Expansion of Cuban Nickel Production

More nickel for American defense was assured with an announcement on January 12 by the General Services Administration that it will go forward with an expansion of the Government-owned nickel plant at Nicaro, Cuba, and contribute financial assistance to promising research in new nickel metallurgy.

The new program was announced by Edmund F. Mansure, Administrator of General Services, upon notification that the Office of Defense Mobilization had certified that the Nicaro expansion and nickel research are "essential to national defense."

Mr. Mansure also announced that the ODM certification has made available \$43 million to enlarge Nicaro's capacity by 75 percent and has earmarked \$1 million as a research fund.

"In its conception and design," Mr. Mansure stated, "the new program will lay a foundation for extending the production of nickel for an indefinite period of time. In this important respect, it differs from some earlier expansion programs which contracted for the delivery of definite quantities of nickel over varying terms of years.

"The size and scope, moreover, reflect the fact that nickel remains a vital commodity in short

supply. Therefore, we face the challenge of building our sources of production to the level at which supplies will equal the combined military, stockpile, and civilian requirements."

Mr. Mansure pointed out that the program envisions the commercial utilization of the mineral resources of eastern Cuba.

"This is a goal," he went on, "in which the United States and Cuba have been in full accord, not only to develop a reliable source of vital defense metals, but also to broaden and strengthen the economic base in both countries.

"In rehabilitating and operating Nicaro, Gsa has had earnest, abiding cooperation in Cuba—by the National Government, by private industry, and by labor. For this reason we are confident that the Nicaro expansion will be advanced smoothly and quickly to its rewarding goal."

Now in operation, the Nicaro plant is currently producing nickel at a rate approaching 28 million pounds a year. The certified plan calls for an expansion of 75 percent in capacity. Preliminary engineering studies have already been undertaken for the new structures and equipment which will be required to carry the development from planning to production.

Built early in World War II, Nicaro was shut down in 1947 and later transferred to the National Industrial Reserve in Gsa. Its rehabilitation was undertaken in 1951, and the production was renewed in January 1952, a year later. Full operation was reached in July 1952 and has been sustained ever since. The plant is operated under a management contract by the Nickel Processing Corporation jointly owned by a Cuban corporation, Fomento de Minerales, and the American firm National Lead Company.

Mr. Mansure pointed out that completion of the expansion should make available at Nicaro a highly desirable nickel-producing plant for American industry.

"Full conversion of the Nicaro enterprise to private management, private operation, and private ownership continues to be a foremost goal toward which we are advancing the project," Mr. Mansure added.

The research fund allotment recognizes that world conditions, reflecting in part increased demand for nickel and in part inroads on reserves previously in use, have brought nickel metallurgy to an experimental crossroads.

Various new processes, some with their variants, are being advanced and tested in many parts of the Western Hemisphere in an intensive search for economical methods of exploiting ores which have refused to respond to traditional nickel metallurgy. In view of the likelihood that one or more of the processes may unlock the development of valuable, latent reserves in Brazil, Canada, Cuba, United States, and Venezuela, Gsa will employ the research funds to help carry forward constructive experimentation.

British Token Import Plan To Be Extended

The British Token Import Plan will be extended through 1954, but new procedures and regulations will be established for operation of the Plan, the Bureau of Foreign Commerce, U.S. Department of Commerce, announced on December 30. The new procedures are now being worked out with the British Board of Trade, Brc said.

The British Token Import Plan, established with the United States in 1946, enables eligible U.S. manufacturers or their agents to export to the United Kingdom token shipments of specified commodities whose importation from dollar sources is generally prohibited by the British Government.

Details of the new procedures for 1954 operations are expected to be reported within a few weeks, Brc said. At that time Brc will also notify past participants in the Plan. Every effort will then be made to expedite distribution of the revised application forms and processing of applications.

Export-Import Bank Credit to Ecuador

The Export-Import Bank of Washington on January 8 announced a credit of \$2,500,000 to the Republic of Ecuador to assist in financing the cost of improving and expanding the airport facilities of the cities of Quito and Guayaquil. The total cost of improvements desired by Ecuador for the two airports is estimated at more than \$4,800,000. The cost of the airports in excess of the credit to be extended by the bank is to be provided by Ecuador.

With the technical assistance and advice of the U.S. Civil Aeronautics Administration, Ecuador has prepared preliminary plans and specifications, conforming to CAA standards, for those parts of the projects which will be undertaken under the credit. The utilization of the bank's credit will be confined to such phases of the projects as runways, taxiways, aircraft parking aprons, vehicle parking areas, and a new lighting system for the Guayaquil airport. Ecuador has agreed to provide funds necessary for the construction of terminal buildings and for other improvements which may be undertaken in the future.

Terms of financing include the provision that engineering and construction are to be performed by U.S. engineering and contracting firms acceptable to the bank. The loan will bear interest at the rate of 4¾ percent per annum and will be repaid over a period of approximately 15 years beginning January 1, 1957.

The need for the improvement and modernization of the Quito and Guayaquil airports has long been recognized. Because of the mountainous and irregular topography of Ecuador, air travel is the most rapid and economical type of transportation available to unite various isolated sections of that country and to provide for the needs of both internal and international commerce. At the present time, the runways at both Quito and Guayaquil are below CAA standards. The facilities at Quito are now inadequate for the larger type 4-motor planes being used in international air transportation. The proposed improvements will result in opening this, the capital city, to international flights of all types. The Guayaquil runway will not only be extended but will be re-oriented and rebuilt to provide adequate drainage to overcome a swampy condition now existing at the airport. Runways at both airports will be provided with asphaltic concrete or similar type flexible pavement.

Entry Into Force of Estate-Tax Convention With Australia

Press release 5 dated January 7

According to information received by the Department of State from the American Embassy at Canberra, the estate-tax convention with Australia, signed at Washington on May 14, 1953, was brought into force on January 7, 1954, by the exchange at Canberra on that date of instruments of ratification.

The convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on the estates of deceased persons is one of three tax conventions with Australia signed on May 14, 1953.¹ The other two relate to income and gifts. All three were approved by the United States Senate on July 9, 1953, and ratified by the President on behalf of the United States on July 23. The income-tax and gift-tax conventions were brought into force by the exchange of instruments of ratification on December 14, 1953. A press release in regard to those two conventions was issued on December 22, 1953.

The provisions of the estate-tax convention with Australia follow, in general, the pattern of such conventions with a number of other countries. They are designed to eliminate double taxation in connection with the settlement in one country of estates in which nationals of the other country have interests. The conventions apply, so far as the United States is concerned, only to taxes imposed by the national government and do not apply to the imposition of taxes by the several States, the District of Columbia, or the territories or possessions of the United States.

¹ BULLETIN of June 8, 1953, p. 819.

Under its terms the estate-tax convention with Australia is effective only with respect to estates or inheritances in the case of persons dying on or after January 7, 1954.

Tax Conventions With Greece Enter Into Force

Press release 18 dated January 16

On January 15, 1954, the President proclaimed the income-tax and estate-tax conventions between the United States and Greece. Those two conventions for the avoidance of double taxation and the prevention of fiscal evasion, one relating to taxes on income and the other relating to taxes on the estates of deceased persons, were signed at Washington on February 20, 1950.

They were approved by the U.S. Senate on September 17, 1951, subject in the case of the income-tax convention to an understanding and in the case of the estate-tax convention to a reservation relating to the application of certain provisions involving assistance in connection with the collection of taxes.

After communicating the understanding and reservation to the Greek Government and receiving from that Government assurances concerning their acceptability, the President ratified the two conventions on behalf of the United States on December 5, 1951, subject in the one case to the understanding and in the other case to the reservation.

According to the provisions of each of the conventions, the instruments of ratification were to be exchanged at Athens. Final arrangements for the exchange were made in December 1953, after the completion of necessary parliamentary procedures in Greece.

The instruments of ratification with respect to both conventions were exchanged on December 30, 1953, whereupon the conventions entered into force in accordance with their respective terms. The income-tax convention is effective as of January 1, 1953. The estate-tax convention is effective beginning December 30, 1953, applicable solely to estates or inheritances in the case of persons dying on or after that date.

The provisions of the conventions follow, in general, the pattern of tax conventions entered into by the United States with a number of other countries. The income-tax conventions are designed to remove an undesirable impediment to international trade and economic development by doing away as far as possible with double taxation on the same income. The estate-tax conventions are designed to eliminate double taxation in connection with the settlement in one country of estates in which nationals of the other country have interests.

So far as the United States is concerned, the conventions apply only with respect to United States (that is, Federal) taxes. They do not apply to the imposition of taxes by the several States, the District of Columbia, or the territories or possessions of the United States.

Administration of the British-U.S. Zone of Trieste During 1952

Following is the text of a report by Maj. Gen. Sir John Winterton, Commander of the British-U.S. Zone of the Free Territory of Trieste, for the period January 1-December 31, 1952. The report was transmitted to the U.N. Security Council on December 23, 1953, by the U.S. and British representatives to the United Nations.

U.N. doc. S/3156
Dated December 23, 1953

General Review

This Report, my second and the twelfth of the series, deals with the administration of the British/United States Zone of the Free Territory of Trieste for the year 1952.

Pursuant to the Memorandum of Understand-

ing which was signed in London on 9 May 1952,¹ I appointed, during the latter half of the year, a number of senior Italian officials to the Allied Military Government who, under a Senior Director of Administration, were responsible to me for much of the internal administration of the Zone. A copy of the London Memorandum of Understanding is attached at Appendix "A" to this Report.²

Administrative Elections were held in all Communes of the Zone in May 1952. In the Communes of Trieste and Muggia the "linked list" system was used, under which the party or group of "linked" parties polling the greatest number

¹ For text, see BULLETIN of May 19, 1952, p. 779.

² The appendixes are not printed here.

of votes secured two thirds of the seats; in the remaining four Communes a form of proportional representation was retained. The results showed that in the Commune of Trieste, where approximately 90 per cent of the total population of the Zone is concentrated, the Christian Democrats remained the largest single party; together with the other three "centre" parties they command a majority on the Council.

I am again pleased to report that in general the economic recovery of the Zone continued, and that a further increase was registered in industrial production.

Owing to the completion of the ship-building programme laid down in 1950, the total tonnage of new shipping constructed during the year was slightly lower than that of 1951. A new programme has, however, been drawn up which should ensure full employment in the Zone's yards during 1953/54.

Owing principally to increased competition from the German North Sea Ports, commercial traffic through the Port of Trieste showed a slight decline. This situation was carefully watched and measures were studied in concert with other interested railway administrations with a view to preventing further deterioration.

In pursuance of the policy outlined in my previous reports, development of the Zaule Industrial Area continued to be encouraged by every means. In this area a total of twenty-six industrial plants were already operating, or in course of completion, an increase of ten over 1951.

The employment situation showed little change. The number of registered employed decreased during the year by some 1,500, and the monthly average of registered unemployed remained around 19,000.

On 30 June 1952, the M. S. A. Mission in Trieste was closed and the Zone was included in the sphere of the M. S. A. Mission to Italy. Lire counterpart funds from former E. R. P. aid continued to be used for loans for ship-building and other industries. Nearly all imports from the dollar area were paid for with "free" dollars made available by the Italian Government.

The overall improvement in the financial situation of the Zone continued in 1952, a further slight reduction being achieved in the budgetary deficit. I wish to acknowledge the fact that this was, as in previous years, met by the Italian Government.

A special effort was made to increase the rate of construction of popular housing for which the demand showed no signs of slackening. A total of 2,000 million lire was allocated from the Zone's budget and 1,133 apartments were completed or nearly completed during the course of the year. The maximum assistance possible was also given to private initiative in this sphere.

Movement through the Zone's Displaced Persons' camps was on a much reduced scale, arrivals

totalling 2,018 and departures 2,416. The Camp population at the end of the year stood at 3,924. I am most grateful to the Intergovernmental Committee for European Migration which, with already established Welfare Organizations, rendered valuable assistance.

Section I—The Economic Situation

1. DOLLAR ALLOCATIONS

At the end of June 1952, the Mutual Security Agency (Msa) Mission in Trieste was closed, and the Zone was included in the sphere of the Msa Mission to Italy.

During the year a total of 910,052 dollars from the balance of allocations under the former European Recovery Programme were used, principally for the importation of bread grains from the United States.

The Italian Government provided a total of 11.1 million dollars, compared with approximately 7.5 million dollars in 1951, for the purchase of a wide variety of necessary imports from the dollar area. The chief of these were crude mineral oil, bread grains, iron and steel, and non-ferrous metals.

In June an agreement was reached with the Italian Government whereby the latter assumed the responsibility of supplying the Allied Military Government's requirements of bread grains at a price that would ensure the continuation of the controlled price of bread and pasta in the Zone.

ERP/Msa imports are shown at Appendix B, and purchases with dollars provided by the Italian Government at Appendix B1.

2. COST OF LIVING

The cost of living again rose slightly during the year. The index (1938=100) which stood at 4,964 in January, rose to 5,148 in April, and after receding in the course of the summer to 5,000 had returned to the April figure at the end of the year. The monthly average was 5,055 as compared with 4,892 in 1951. The index for clothing declined from 6,640 in January to 5,449 in December, thus reversing the trend recorded in the early months of 1951, when it was increasing in consequence of a general rise in world prices of raw materials. The cost of housing advanced from 766 to 970, reflecting a further legal increase in rents. The cost of foodstuffs, utilities and miscellaneous items followed approximately the trend of the General Index.

A table showing the average monthly expenditure in lire of the typical family on the various items that go to make up the cost of living index, and the variations of the index for the years 1938, 1951 and 1952, is given at Appendix C.

3. LOANS

During 1952, the Allied Military Government granted loans totalling 3,332 million lire to assist

local business, industry and public utilities. Rather more than half of these loans were financed from ERP Counterpart Funds, and the remainder through the Allied Military Government budget. The former included 1128 million lire for shipbuilding, 325 million lire for the 2nd and 3rd stages of the construction of a cotton mill, and 100 million lire for the construction of a paper works.

The principal loans from budgetary funds were: 307 million lire to an electricity distributing company, 300 million lire for the improvement and extension of the local telephone service and 210 million lire to the General Warehouses Company. In addition, 850 million lire was loaned to private individuals from the Building Development Fund, 230 million lire to building contractors, and 842 million lire was invested in low-rent popular housing.

The Small and Medium Loans Fund and the three loan funds established in cooperation with local banks, lent a total of 375 million lire to small businesses, artisans and cooperatives during the year. Approximately 250 million lire of this sum was advanced by the Allied Military Government.

Section II—Financial Situation

The Zone's finances continued to improve. The satisfactory position of the "ordinary" budget was achieved in spite of pay increases awarded to all statal employees in June 1952. These increases ranged from 5% to 45%, and were retroactive to 1 July 1951. "Extraordinary" expenditure in the form of housing subsidies and loans to industry and public utilities continued at a high level.

The final deficit for the first half year of 1952 which was underwritten by the Italian Government amounted to 4,651 million lire. This was some 841 million lire less than originally estimated. The Italian Government's contribution included 1,001 million lire as a special grant to the Trieste shipbuilding programme, and 4,292 million lire representing the net difference between revenue collected in the British-United States Zone on behalf of the Italian Republic and revenue collected in Italy on behalf of the Zone. The difference between the final deficit and the Italian Government's contributions was represented by increased revenues and economies in prior budgetary periods.

The estimated deficit for the second half year of 1952 was 5,760 million lire, an increase of 500 million lire over the comparable figure for 1951. In addition the Italian Treasury provided some 712 million lire as a subsidy to shipbuilding.

There was a further marked increase in savings during the year. A table showing the position of deposits and current accounts with the banks and post office compared with 1951 is at Appendix D.

The budget agreement for the second half of

1952 is shown at Appendix E, and that for the first half of 1953 at Appendix F.

Section III—Industry

1. GENERAL

There was a further increase in industrial production in the Zone during 1953, the index (1939=100) rising from 113.7 in 1951 to 127.9 in 1952.

This increase was shared generally among the Zone's major industries, with the notable exception of the vegetable oil refineries which continued to experience difficulty in obtaining raw industries. Modernisation of the plants of the ILVA Steel Mill, the Aquila Oil Refinery and the Trieste Jute Mill, was almost completed and their output rose accordingly.

2. ZAULE INDUSTRIAL AREA

The process of broadening the base of the Zone's economy, which is at present largely dependent on shipbuilding and on traffic through the Port, was continued. Progress was most conspicuous in the Zaule Industrial Area. The first public works programme, designed to prepare this area for the reception and development of new industries, was completed, and the second programme, complementary to the first, was started. During the year, 394 million lire were made available by the Allied Military Government for the general development of the area, raising to 1,645 million lire, the total funds appropriated for this project since its inception.

At the end of the year there were 26 industries already operating or in course of completion in the area, with a total capital investment of over 13,000 million lire. Among those whose construction was started during the year were the S. Giusto Cotton Mill and the Trieste Glass Works, while work continued on the Italcementi Cement Works, a match factory and a wool spinning mill. The construction of a further six plants is planned for the near future with a capital investment of about 3,000 million lire.

3. SHIPBUILDING

The shipbuilding industry experienced a successful year, although the total tonnage constructed was lower than that of 1951. The only major vessel to be completed during 1952 was the 25,000 ton passenger-cargo motor vessel "Augustus" which was delivered to the Italia Line in February. The fitting out of the passenger-cargo motor vessels "Victoria" and "Asia" each of 11,600 tons, for Lloyd Triestino, continued. The tanker "Andromena" of 12,300 tons, for A. G. I. P. Rome, was launched in August, and the keel of a 21,000 ton tanker for F.lli. d'Amico, Rome, was laid in September. The keels of a further 18 smaller vessels were laid, ten were

launched and nine delivered. Details of the complete programme for 1952 are shown at Appendix G. In addition 239 commissions for repairs and refitting were carried out.

The year under review saw the virtual completion of the shipbuilding programme laid down in 1950. Negotiations were therefore opened with the Italian Government with a view to ensuring a continuation of work for the Zone's shipyards. The programme decided upon envisages the construction during 1953-1954 of two ships for Lloyd Triestino, the construction of up to 45,000 tons of large tankers or cargo vessels of over 10,000 tons, and of up to 8,000 tons of smaller vessels of less than 2,000 tons. In addition, a tug is to be built for the Captain of the Port. 200 million lire has been set aside for ship repairs.

Section IV—Labour

During 1952 the number of registered employed decreased from 90,575 in January to 89,058 in December, a trend that was partly reflected in an increase in the number of registered unemployed from 18,852 to 19,185 over the same period. This movement was due chiefly to a decline in the number of persons attending re-qualification courses and work-relief schemes.

The total number of work permits issued to Italian citizens coming from outside the Zone was 1,477 on 31 December 1952 compared with 1,785 on 31 December 1951. The number of such permits issued to aliens showed a similar decrease. Most of these were for building operatives.

A total of 182 strikes were called during the year involving 209,000 workers and the loss of 627,269 working hours.

It is estimated that wage adjustments obtained by about 75 per cent of the registered employed more than offset the slight rise in the cost of living. Workers in both industry and commerce benefitted from an increase in real wages of between 3 per cent and 8 per cent.

The introduction of a new establishment for the Commune of Trieste, and the application to employees of local bodies of pay increases already granted to stata employees, were discussed with the Italian Government in June and agreed in principle.

A sample survey of the labour force covering 3,530 families in the Commune of Trieste and 284 families in the smaller communes, was carried out during the week 8-15 March. Some results of this survey, compared with figures obtained in March 1951, are shown at Appendix II.

Section V—Public Works

The budget for the Department of Public Works and Utilities for 1952 amounted to 5,286 million lire. Housing was again the principle item, accounting for nearly 50 per cent of the

total. Other major items were: Work relief and re-qualification courses, 18 per cent; roads and sewers, 12 per cent; public buildings, including schools and hospitals, 8 per cent. A loan of 300 million lire was granted to a power company in order to secure continuity of the supply of electric power to the Commune of Trieste.

Other important Public Works carried out during the year included the continuation of work on a secondary school and a reformatory, the initiation of work on a new settlement for refugees, and the extensive repair and resurfacing of roads by hot bituminization.

Details of the housing programme, showing the number of apartments constructed during 1952 compared with previous years and the extent to which they were financed by the Allied Military Government are given at Appendix I.

Section VI—Foreign Trade

Traffic through the Port of Trieste during 1952 again showed an overall increase. A total of 6.9 million tons was handled compared with 6.6 million tons in 1951, and 5.4 million tons in 1938. This increase was wholly accounted for by movement of goods by sea which rose by 340,000 tons compared with 1951, whereas movement by rail decreased by nearly 70,000 tons.

Traffic was again most intense during the early part of the year, with a decided falling off in the last quarter. The lowest monthly figure recorded was 411,000 tons in December. Goods handled followed the same pattern as in recent years, the bulk being formed by Austrian timber for the Levant and crude mineral oils from Syria and Lebanon. Competition from the North Sea Ports, to which reference was made in my last report continued, and was principally responsible for the decline in rail traffic. Of particular significance was the decision taken on the initiative of the German Railways at a Conference held in Linz in November, to terminate tariff agreements regulating traffic to and from Austria.

Trade with Yugoslavia increased, monthly imports through the frontier clearing account amounting to an average of 78 million lire and exports to 47 million lire, an increase over 1951 of 18 per cent and 19 per cent respectively. The principal items imported were livestock, timber and fish. Exports included machine tools, electrical equipment, fruits and rice. Imports from the Yugoslav Zone of the Free Territory, at a monthly average of 63 million lire, showed an increase of 31 per cent as compared with 1951, and exports at a monthly average of 52 million lire, an increase of 66 per cent. These figures exclude charges for the hospitalization of Yugoslav Zone patients in Trieste hospitals which amounted to approximately 15 million lire during the year. Except that wine featured as one of the principal

imports, goods traded were much the same as those traded with Yugoslavia.

Foreign trade statistics are shown at Appendix J.

Section VII—Agriculture, Forestry, and Fisheries

Owing to bad weather which caused considerable damage to crops and generally hampered field work, the year 1952 was a poor one for agriculture. The crop harvest was 30 per cent below normal and livestock prices remained at a low level. In spite of a shortage of fodder, the incidence of disease among cattle was not, however, exceptional. The total value of agricultural production, including livestock, was estimated at 1,900 million lire against 2,300 million lire in 1951.

Progress was made in land reclamation and reforestation projects, and, in addition, the Allied Military Government contributed 66 million lire, representing about one-third of the total cost of 414 land improvement projects. Agricultural training courses and experimental work continued normally, and grants were made for the purchase of concentrated cattle feed, plants, and farm machinery, as well as for the importation of pedigree cattle.

The fish catch at 3.8 million kgs. was some 5 per cent lower than in 1951, and exports fell by about 10 per cent.

Section VIII—Internal Affairs

1. EDUCATION

The new school year opened on 7 October 1952 with 31,785 pupils attending the various statal schools in the Zone, an increase of 439 over the attendance for the previous year. In spite of a slight improvement in the number of class rooms available, the shortage which has persisted since the war still necessitated the organization of morning and afternoon shifts in many of the schools. Free school lunches continued to be provided to needy pupils in the elementary and training schools. Those assisted in this way during the 1951/1952 school year numbered 3,427 in the Italian, and 1,384 in the Slovene language schools. During the summer, about 7,000 school children spent a month's holiday in the mountains or by the sea. The number would have been greater but for an outbreak of scarlet fever which necessitated the curtailing of the programme at a number of the camps. The kindergartens, of which there are 48 distributed throughout the Zone, continued to function normally.

The new academic year was inaugurated at Trieste University on 16 November with 2,124

undergraduates inscribed in the various faculties. This compares with 2,638 who attended courses during the year 1951/1952. A new school for specialists in Labour and Social Security Legislation was added to the faculty of law.

2. PUBLIC HEALTH

The general standard of health in the Zone during 1952 was satisfactory. Mild epidemics of measles and scarlet fever which developed during the year gave no cause for alarm. The anti-tuberculosis campaign continued to give encouraging results, 574 new cases being reported compared with 692 in 1951. There is still, however, much to be done in this field. Both the birth and death rates, at respectively 9.45 and 11.36 per thousand inhabitants, were slightly lower than in 1951. Work on the new 400 bed sanatorium in Trieste continued. Completion of this hospital will release badly needed beds in other hospitals which in the post-war period have had temporarily to be put at the disposal of tubercular patients.

During the year a new Institute for Anatomy and Pathology was established in Trieste General Hospital, and 180 million lire was appropriated by the Allied Military Government for the creation of a Centre for the Diagnosis and Treatment of Cancer, designed to provide free treatment for those who are unable to pay.

A valuable contribution to the improvement of the Zone's health services was made by the World Health Organization, which put at the disposal of the Allied Military Government seven scholarships to enable local doctors to attend university clinics in the United Kingdom, United States, France and Germany.

The incidence of infectious diseases is shown at Appendix K.

3. SOCIAL ASSISTANCE

Expenditure for relief and social services again increased in 1952. Public assistance in its various forms cost 1,623 million lire, compared with 1,483 million lire in 1951. The increase was partly due to salary increases granted to the personnel of the various agencies concerned, but for the most part to a revision of invalid and old age pensions, and to an increase in the number of families requiring direct financial assistance.

During the winter 1951/1952 42 million lire was again distributed by the Winter Relief Fund Committee to needy families.

During the latter part of the year, with the collaboration of two experts loaned by the United Nations Organization, the Allied Military Government initiated a comprehensive study of the organization of social assistance in the Zone. When completed, this study should enable a more rational approach to be made to the problem.

4. CENSUS OF THE POPULATION

Checking of the material obtained from the census of the population held on 4 November 1951 was completed in March 1952. The number of permanent residents of the Zone was 296,229, of whom 138,200 were males and 158,029 females, representing an increase of 25,657 since the census of 21 April 1936. There was a total of 77,977 living quarters containing 249,039 habitable rooms. This was equivalent to an occupation quota of 1.19 persons per room. A more detailed analysis of the population is given at Appendix L.

5. CENSUS OF INDUSTRY AND COMMERCE

A census of industry and commerce conducted on 5 November 1951 revealed that there were 11,306 industrial and commercial undertakings in the Zone, with a total of 91,173 employees, of which the Commune of Trieste accounted for 10,437 with 88,947 employees. A more detailed analysis is given at Appendix M.

6. ADMINISTRATIVE ELECTIONS

On 25 May 1952 elections for new Communal Councils took place throughout the Zone. In the Communes of Trieste and Muggia the "linked-list" system, under which the party or group of "linked" parties polling the greatest number of votes secures two-thirds of the seats in the Council, was used for the first time. In the remaining Communes a system of proportional representation was employed.

The total number of registered electors was 217,241 representing 73.34 per cent of the population resident in the Zone on 4 November 1951. The number of votes cast was 197,228 or 94.03 per cent of the electorate. Valid votes totalled 193,886, 98.03 per cent of all votes cast.

In the Commune of Trieste a total of 178,984 valid votes were cast, divided between 14 electoral lists. Of these the "linked-list" comprising the Christian Democrat, Liberal, Republican, and Venezia Giulia Socialist Parties polled 83,753 votes (46.79 per cent), thus securing 40 of the 60 seats on the Council. The Communist Party secured 6 seats, and the Independence Front, and the Italian Social Movement (Neo-fascist) linked with the National Monarchist Party secured 5 each.

In the Commune of Muggia the F. T. T. Communist Party lead with 58.30 per cent of the valid votes cast, followed by the Christian Democrat Group with 21.12 per cent.

In the other Communes the successful parties were respectively: San Dorligo della Valle, F. T. T. Communist Party with 49.31 per cent; Duino-Aurisina, Slovene Union with 42.90 per cent; Sgonico, Slovene Union with 50.98 per cent;

and Monrupino, Slovene Union with 53.48 per cent. A detailed analysis of the electorate and of how they used their votes is contained in Appendices N and N1.

Section IX—Public Safety

Apart from a disturbance connected with the anniversary of the Tripartite declaration of 20 March 1948, the year 1952 was a good one from the standpoint of law and order. No case of murder was reported and there was a considerable decrease in the number of crimes.

Crime statistics are given at Appendix O.

Section X—Displaced Persons and Refugees

The number of refugees entering the Zone during the Spring and Summer progressively diminished. The camp population fell from 4,218 on 31 December 1951 to 3,443 at the end of July 1952. The flow then took an upward trend and by the end of the year the figure stood at 3,924.

Migration activities continued, but it became more difficult to settle refugees overseas mainly for reasons connected with limitations on immigration opportunities in overseas areas. Nevertheless, departures during the year numbered 2,416 against 2,018 arrivals. The countries of origin of these arrivals and other statistics concerning refugees and optants are given at Appendix P.

The International Refugee Organization ceased operations early in the year and was succeeded by the Provisional Inter-governmental Committee for the Movement of Migrants from Europe. This organization, later renamed Inter-governmental Committee for European Migration, established a branch office in Trieste, and together with the already established welfare organization rendered most valuable assistance.

The position of aged and infirm refugees still presents many difficulties, but Switzerland, Norway, and Sweden generously provided permanent homes for many of these unfortunates. Efforts on their behalf continue, and construction of a new camp was started where they can be accommodated in more suitable surroundings. The tubercular sanatorium, referred to in my last report, was completed and is in full use. It has greatly facilitated the work of the medical staff in examining all refugees, and has also shown encouraging results in checking the course and diffusion of this disease. The health of the refugees in general also improved.

In marked contrast to the movement of refugees, the influx of optants for Italian nationality from that part of Venezia Giulia ceded to Yugoslavia under the provisions of the Italian Peace Treaty has practically ceased. Whereas in 1951 there were 5,587 such optants, in 1952 their number fell to 78.

Section XI—Posts and Telecommunications

In spite of the considerable expenditure connected with the programme of modernization and expansion of services which was referred to in my last report, a reasonable profit was shown for the year by the Post and Telecommunications administration. A picture telegraph service was inaugurated which enables pictures to be sent or received by telephone land-line connected to most of the principal European cities. A radio telephone link between Trieste and Venice was installed, which has the possibility of future expansion and simultaneous use for television.

Tenth Inter-American Conference Agenda

Following is the text of the agenda for the Tenth Inter-American Conference, to be held at Caracas, Venezuela, beginning March 1. This agenda was approved after full consideration by the Council of the Organization of American States at its meeting of November 10, 1953.

I. Juridical-Political Matters

1. Peaceful Relations:
 - a. Possibility of Revising the American Treaty on Pacific Settlement (Pact of Bogotá);
 - b. Inter-American Peace Committee (Report of the Inter-American Peace Committee; Organization, Operation, and Purpose of the Committee);
 - c. Inter-American Court of Justice;
 - d. Other Pertinent Instruments Relating to Pacific Settlement.
2. Colonies and Occupied Territories in America and Report of the American Committee on Dependent Territories.
3. Regimen of Political Asylees, Exiles, and Refugees:
 - a. Draft Convention on "Regimen of Political Asylees, Exiles, and Refugees (Territorial Asylum)";
 - b. Draft Convention on "Diplomatic Asylum".
4. Protocol to the Convention on Duties and Rights of States in the Event of Civil Strife.
5. Intervention of International Communism in the American Republics.

II. Economic Matters

6. Reports on the Present Situation and on the General Economic Outlook.
7. Economic Development: Status of Development Plans; Coordination of National Economies; and Measures—National and International—including Financial, to Facilitate Balanced Economic Expansion in All Fields.
8. Conservation of Natural Resources: the Continental Shelf.
9. Commercial Cooperation: Expansion of Regional, Inter-American, and International Trade; Problems of Supply and Demand; Prices, Terms of Trade; Reduction of Barriers to International Trade; Customs Nomenclature.
10. Technical Cooperation: Program of Technical Cooperation of the Organization of American States.

11. Inter-American Economic and Social Council:
 - a. Composition, Operation, and Means of Action;
 - b. Coordination of Its Work with That of Other International Organizations.

III. Social Matters

12. Social Aspects of Economic Development.
13. Human Rights: Measures for Promoting Human Rights without Impairing National Sovereignty and the Principle of Non-Intervention.
14. Development of the Cooperative Movement in America.
15. Problems of Housing of Social Interest: Consideration of the Report of the *Ad Hoc* Committee for the Study of the Problem of Low-Cost Housing; and Possibility of Establishing an Inter-American Bank for the Financing of Housing of Social Interest.
16. Causes and Effects of the Rural Exodus.
17. Social Welfare Work.

IV. Cultural Matters

18. Cultural Cooperation.
19. Revision of the Convention for the Promotion of Inter-American Cultural Relations.
20. Reports and Proposals from the Pertinent Organs of the Organization of American States on:
 - a. Cultural Charter of America;
 - b. Inter-American Congress of Ministers and Directors of Education, Rectors, Deans, Educators, and Students.
21. Affirmation of the Historical Interest of the American Republics in the Island of San Salvador.

V. Organizational and Functional Matters

22. Inter-American Juridical Committee:
 - a. Functioning;
 - b. Selection of the Countries to be Members Thereof.
23. Committee for Cultural Action:
 - a. Functioning;
 - b. Selection of the Countries to be Members Thereof.
24. Report Submitted by the Pan American Union on the Work Accomplished by the Organs of the Organization since the Previous Conference.
25. Inter-American Commission of Women.
26. Inter-American Specialized Conferences and Other Intergovernmental Meetings of Interest to the Organization of American States; Standards That Should be Observed with Reference Thereto.
27. Administrative and Fiscal Policy of the Organization of American States.
28. Designation of the Place of Meeting of the Eleventh Inter-American Conference.

U.S. Delegation to International Conference

Executive Board (WHO)

The Department of State announced on January 13 (press release 13) the following delegation to the thirteenth session of the Executive Board of the World Health Organization, which opened at Geneva on January 14:

- H. van Zile Hyde, M.D., Chief, Division of International Health, Public Health Service, Department of Health, Education and Welfare, U.S. Representative on the Executive Board of WHO
Frederick J. Brady, M.D., International Health Representative, Division of International Health, Public

Health Service, Department of Health, Education and Welfare, Alternate U.S. Representative on the Executive Board

Howard B. Calderwood, Office of United Nations Economic and Social Affairs, Department of State, Adviser

The Executive Board, which meets at least twice a year, is the executive organ of the World Health Assembly, the supreme authority of WHO. The Board is composed of representatives designated by the following 18 member nations: Austria, Belgium, Brazil, Canada, Ceylon, Costa Rica, Cuba, Denmark, Greece, Indonesia, Iran, Iraq, Lebanon, Liberia, New Zealand, Switzerland, United Kingdom, and the United States. Its last meeting was held at Geneva, May 28-30, 1953.

The agenda for the thirteenth session provides in its more than 75 items for an extensive review by the Executive Board of the operations and programs of WHO. It will examine reports on (1) the work performed by expert and special committees concerned with such subjects as quarantine measures, malaria, poliomyelitis, rabies, yellow fever, and rheumatic diseases; (2) the progress being made on a number of projects, such as a campaign against smallpox, the standardization of laboratory tests of foods, and the selection of nonproprietary names for drugs; and (3) a wide variety of administrative and financial matters, including budget estimates for 1955, the scale of assessments for member countries, and revision of staff rules for the WHO secretariat.

Current U.N. Documents: A Selected Bibliography¹

Security Council

Letter Dated 18 December 1953 from the Permanent Representative of Israel Addressed to the President of the Security Council. S/3153, Dec. 18, 1953. 3 pp. mimeo.

Letter Dated 28 December 1953 from the Representatives of Egypt, Iraq, Lebanon, Saudi Arabia and Syria to the President of the Security Council. S/3157, Dec. 29, 1953. 1 p. mimeo.

General Assembly

Staff Regulations of the United Nations: Question of a Probationary Period. Report of the Secretary-General. A/2591, Dec. 2, 1953. 3 pp. mimeo.

Budget Estimates for the Financial Year 1954. Draft Report of the Fifth Committee. A/C.5/L.264, Dec. 6, 1953. 66 pp. mimeo.

Scale of Assessment for the Apportionment of the Expenses of the United Nations: Report of the Committee on Contributions. Resolution adopted by the General Assembly at its 458th plenary meeting on 27 November 1953. A/Resolution/134, Nov. 28, 1953. 4 pp. mimeo.

¹ Printed materials may be secured in the United States from the International Documents Service, Columbia University Press, 2960 Broadway, New York 27, N. Y. Other materials (mimeographed or processed documents) may be consulted at certain designated libraries in the United States.

The United Nations Secretariat has established an Official Records series for the General Assembly, the Security Council, the Economic and Social Council, the Trusteeship Council, and the Disarmament Commission, which includes summaries of proceedings, resolutions, and reports of the various commissions and committees. Information on securing subscriptions to the series may be obtained from the International Documents Service.

Personnel Policy: Reports of the Secretary-General and of the Advisory Committee on Administrative and Budgetary Questions. Statement made by the Secretary-General before the Fifth Committee at its 412th meeting on 25 November 1953. A/C.5/566, Nov. 25, 1953. 13 pp. mimeo.

Personnel Policy: Reports of the Secretary-General and of the Advisory Committee on Administrative and Budgetary Questions. Note by Secretariat. A/C.5/L.255, Nov. 30, 1953. 6 pp. mimeo.

Personnel Policy: Reports of the Secretary-General and the Advisory Committee. Report by the Fifth Committee Chairman. A/C.5/L.259, Nov. 30, 1953. 2 pp. mimeo.

Personnel Policy: Reports of the Secretary-General and of the Advisory Committee on Administrative and Budgetary Questions. Statement by the Secretary-General. A/C.5/574, Dec. 3, 1953. 6 pp. mimeo.

Report of the Secretary-General on Personnel Policy. A/2533, Nov. 2, 1953. 61 pp. mimeo.

Report of the Economic and Social Council (Chapters IV and V) Report of the Third Committee. A/2573, Nov. 25, 1953. 38 pp. mimeo.

Scale of Assessment for the Apportionment of the Expenses of the United Nations: Report of the Committee on Contributions. Report of the Fifth Committee. A/2577, Nov. 24, 1953. 12 pp. mimeo.

THE CONGRESS

Senate Begins Consideration of Mutual Defense Treaty With Korea

PRESIDENT'S MESSAGE OF TRANSMITTAL¹

THE WHITE HOUSE, *January 11, 1954.*
To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith the Mutual Defense Treaty between the United States of America and the Republic of Korea, signed at Washington on October 1, 1953.²

I transmit also for the information of the Senate a document containing the joint statement by President Syngman Rhee of the Republic of Korea and by the Secretary of State on August 8, 1953,³ on the occasion of the initialing of the Mutual Defense Treaty in Seoul, and the text of an address by the Secretary of State on the occasion of the signing of the Mutual Defense Treaty on October 1, 1953.⁴

¹ S. Exec. A, 83d Cong., 2d sess., p. 1.

² For text of the draft treaty, see BULLETIN of Aug. 17, 1953, p. 204. The final text differs from the draft only in that article V of the former concludes with the words "at Washington," and the last paragraph reads "Done in duplicate at Washington, in the English and Korean languages, this first day of October, 1953."

³ *Ibid.*, p. 203.

⁴ *Ibid.*, Oct. 12, 1953, p. 484.

There is further transmitted for the information of the Senate the report made to me by the Secretary of State regarding the aforesaid treaty.

The Mutual Defense Treaty signed by the United States and the Republic of Korea is designed to deter aggression by giving evidence of our common determination to meet the common danger. It thus reaffirms our belief that the security of an individual nation in the free world depends upon the security of its partners, and constitutes another link in the collective security of the free nations of the Pacific.

I recommend that the Senate give early favorable consideration to the treaty submitted herewith, and advise and consent to its ratification.

DWIGHT D. EISENHOWER.

REPORT BY SECRETARY DULLES ⁵

DEPARTMENT OF STATE,
Washington, December 30, 1953.

The PRESIDENT,

The White House:

I have the honor to submit to you, with a view to the transmission thereof to the Senate for its advice and consent to ratification, the Mutual Defense Treaty between the United States of America and the Republic of Korea, signed at Washington on October 1, 1953.

The provisions of the treaty were negotiated with the Republic of Korea by me during the course of a visit to Korea last August to discuss problems of mutual concern with President Syngman Rhee. Senate leaders were consulted and kept fully informed of the exchange of views which led to the development and formulation of this treaty.

As I stated at the signing of the treaty, it is a defense treaty firmly dedicated to peace. It is designed to deter aggression by making clear that each party recognizes that an armed attack in the Pacific area upon the territory administratively controlled by either would be dangerous to its own peace and safety, and declares that it would act to meet the common danger in accordance with its constitutional processes. The undertaking of each party to aid the other operates only in case that party is the victim of external armed attack. Armed attack by a party, either against a foreign state, or against territory not at the time recognized by the other as lawfully brought under the administrative control of the first, does not bring the treaty into operation. An armed attack by either party does not obligate the other to come to its assistance.

As another step in the development of a Pacific security system, the treaty will complement the earlier treaties which have entered into force with

Australia and New Zealand, the Philippines, and Japan. Like those treaties, the treaty with Korea is in full conformity with the objectives and principles of the Charter of the United Nations. It affirms the belief of this Government that the security of an individual nation in the free world depends upon the security of its partners and constitutes another link in the collective security of the free nations of the Pacific.

The treaty consists of a preamble and six substantive articles. The preamble sets forth the circumstances for making the treaty, providing in particular that the treaty is designed to coordinate the efforts of the parties "pending the development of a more comprehensive and effective system of regional security in the Pacific area." Thus evolutionary developments are contemplated as in the treaties with Australia and New Zealand, the Philippines, and Japan.

Article I is identical with the comparable articles in the tripartite and Philippine treaties, except for the inclusion of an additional phrase whereby the parties agree to refrain in their international relations from the threat or use of force in any manner inconsistent not only with respect to the purposes of the United Nations, but also with respect to the obligations assumed by any party toward the United Nations.

Article II calls for consultation between the parties whenever the territorial integrity, political independence, or the security of either party is threatened by external armed attack. The article also embodies the principle established by Senate Resolution 239, 80th Congress, the Vandenberg resolution,⁶ which calls for "self-help and mutual aid" by all the parties to security arrangements joined in by the United States and which involve commitments by the United States. The provisions of the article are similar to comparable provisions in the treaties with Australia and New Zealand and with the Philippines.

Article III is the heart of the treaty. Under that article each party—

recognizes that an armed attack in the Pacific area on either of the Parties in territories now under their respective administrative control, or hereafter recognized by one of the Parties as lawfully brought under the administrative control of the other, would be dangerous to its own peace and safety and declares that it would act to meet the common danger in accordance with its constitutional processes.

This language is the same as the comparable provisions in the treaties with Australia and New Zealand and with the Philippines except that it defines the area within which the treaty is to operate, namely in territories now under the respective administrative control of either party, or hereafter recognized by one of the parties as lawfully brought under the administrative control of the other. This provision is designed to take cognizance of the fact that the Republic of

⁵ S. Exec. A, 83d Cong., 2d sess., p. 2.

⁶ BULLETIN of July 18, 1948, p. 79.

Korea presently has effective control over only part of Korea. If either contracting state should initiate an armed attack against any territory not under its administrative control when the treaty was signed or thereafter recognized by the other as lawfully brought under the administrative control of the first, the treaty would not apply. Under its terms the treaty could continue to be applicable in event that a political settlement unifying Korea is reached. In the Australian and New Zealand and Philippine treaties the area within which they are to operate is defined in a separate article.

Article IV grants to the United States the right to dispose land, air, and sea forces in and about the territory of Korea as determined by mutual agreement. It does not make such disposition automatic or mandatory.

According to article VI, the treaty has indefinite duration, but either party may terminate it 1 year after notice is given.

In view of the importance of this treaty as a deterrent to aggression and thus to the maintenance of peace and security in the Pacific area, it is hoped that it will be given early and favorable consideration by the Senate.

Respectfully submitted.

JOHN FOSTER DULLES.

STATEMENT BY SECRETARY DULLES ⁷

Press release 11 dated January 13

The Mutual Defense Treaty between the Republic of Korea and the United States has been submitted by the President to the Senate for its advice and consent to ratification. The treaty is an outgrowth of our experience with aggressive communism and represents a carefully considered attempt to prevent, insofar as possible, a recurrence of that aggression in Korea.

Before turning to the specific provisions of the treaty, I want to tell you why I think it is important and necessary.

It is doubtful that the Korean war would have broken out if the Communist aggressors had known in advance what the United States and the United Nations would do. They miscalculated. They thought that they would meet no opposition except from the Republic of Korea itself, and the ROK's at that time had only a small military force designed primarily to preserve the internal security.

The Communists did not expect that only a few hours after they struck, June 25, 1950, the United Nations Security Council would move rapidly to set in motion an international military action to repel the aggression. Nor did they expect that

⁷ Made before the Senate Foreign Relations Committee on Jan. 13.

the United States would take a vigorous role as leader and chief contributor to the United Nations effort to help the Republic of Korea to drive back the invaders. Nor could the aggressors know that the United Nations effort would be maintained through more than 3 years of bloody strife which ended in an armistice on July 27, 1953.

It is against this background of Communist miscalculation that the first major purpose of the treaty becomes clear. It is to prevent any renewal of the Communist aggression in Korea by joining with the Republic of Korea in a clear and unequivocal statement of our common determination to defend ourselves against external armed attack, so that no potential aggressor can be under the illusion that either of us stands alone in the Pacific area.

The second major purpose of the treaty is to give to the Government and the people of the Republic of Korea formal assurance of our continued concern for their security as a part of the fabric of peace in the Pacific area. It is an assurance to which they are fully entitled by their valiant and unwavering struggle against the Communist invaders. It was an assurance which they sought as the armistice negotiations were drawing to a close. They knew that the Communist threat remained poised in the north, ready to strike again. They wanted, from us, a deterrent to that threat.

Last May and June, while the armistice was being negotiated, there was an exchange of letters between President Rhee and President Eisenhower,⁸ in the course of which President Eisenhower stated that he was "prepared promptly after the conclusion and acceptance of an armistice to negotiate" with President Rhee a mutual defense treaty along the lines of the treaties heretofore concluded between this country and other Pacific nations. The President's proposal was, at the time, discussed with congressional leaders.

In subsequent efforts to work out an understanding between the United States and the Republic of Korea on an armistice with the Communists, I gave Walter S. Robertson, Assistant Secretary of State for Far Eastern Affairs, the mission of going to Korea in late June to consult with President Syngman Rhee. A considerable area of agreement was reached by Mr. Robertson and President Rhee.⁹ The armistice with the Communists was signed on July 27, 1953; and shortly thereafter I flew to Korea to exchange further views with President Rhee on what should be done to secure Korea against the Communist threat and to advance the cause of independence and unity for the Korean people. In the course of those discussions, I negotiated with President Rhee the text of the

⁸ For texts of President Eisenhower's letter of June 6 and President Rhee's reply of June 19, see BULLETIN of June 15, 1953, p. 835 and July 6, 1953, p. 13.

⁹ For text of a joint statement by President Rhee and Assistant Secretary Robertson following the conclusion of their talks, see *ibid.*, July 20, 1953, p. 72.

Mutual Defense Treaty which is now before you, and the Korean Foreign Minister and I initialed the draft text in Seoul on August 7.

At the same time we issued a joint statement which reflected the mutual understanding we had reached as a result of our discussions. The statement noted that the Armistice Agreement contemplated that a political conference would be held with the Communists and that Korean and United States delegations would cooperate to seek the peaceful unification of Korea as a free and independent nation; that the Republic of Korea would take no unilateral action to unite Korea by military means for the agreed duration of the political conference; and that between the date of the statement and the date when the Mutual Defense Treaty could be expected to come into force and effect through ratifications, the Armed Forces of the Republic of Korea and of the United States would be subject to the United Nations Command which would comply with the armistice terms. These understandings between the United States and the Republic of Korea have been carried out by both countries in good faith.

I should now like to describe the Mutual Defense Treaty itself and to point out some of the benefits and some of the responsibilities which it gives to the two signatories.

The preamble to the treaty recognizes the relation between the security interests of the Republic of Korea and the United States and states the desire of the two countries to strengthen their efforts for collective defense, pending the development of a more comprehensive and effective collective security system in the Pacific area.

The first of the six articles of the treaty affirms the intention of the Republic of Korea and the United States to refrain in their international relations from the threat or use of force in any manner inconsistent with the purposes of the United Nations or the obligations assumed by either country toward the United Nations. This article makes it clear that the treaty is a defense treaty dedicated to peace.

Article two provides for joint consultation between the Republic of Korea and the United States whenever the security of either country is threatened by armed attack. This article also calls on both countries to employ "self-help and mutual aid" to develop means to deter armed attack.

Article three, which is the heart of the treaty, states that the United States and the Republic of Korea, in the event of an armed attack in the Pacific area on either country, will act to meet the danger in accordance with their constitutional processes. This article constitutes a clear warning to the Communists that they cannot expect the United States to ignore a renewed aggression against the Republic of Korea. It contains provisions designed to take account of the fact that the Republic of Korea has effective con-

trol over only part of Korea; it clearly does not apply to territories which are not now under the administrative control of either country or which are not at some future time recognized by one party as having been lawfully brought under the administrative control of the other. If either country should initiate an armed attack against any territory not under its administrative control when the treaty was signed or thereafter recognized by the other as lawfully brought under the administrative control of the first, the treaty would not apply. An armed attack by either country does not obligate the other to come to its assistance.

In article four the Republic of Korea grants the United States the right to dispose land, air, and sea forces in and about the territory of the Republic of Korea as determined by mutual agreement. It does not require the United States to do so. Therefore, if agreed peace arrangements called for a withdrawal of all foreign forces, this could be done consistently with the treaty.

Article five requires that the treaty be ratified by constitutional process before it shall come into force.

The last article, the sixth, provides that the treaty shall remain in force indefinitely but that either country may terminate it one year after giving notice.

In summary, then, the treaty is a logical outgrowth of the successful joint effort of the United States and the Republic of Korea, with the approval and support of the United Nations, to repel the Communist invasion of the Republic of Korea. Its primary value consists in giving the Communists notice, beyond any possibility of misinterpretation, that the United States would not be indifferent to any new Communist aggression in Korea. It is our hope that this reaffirmation will, in combination with the other measures which we are taking in the Far East, disabuse the Communists of any ideas of launching another aggression in Korea.

Beyond this primary consideration, the treaty also has significance as another step in the development of a Pacific security system, adding to the treaties which have already been concluded by the United States with Australia and New Zealand, the Philippines, and Japan. Like these other security treaties, the Mutual Defense Treaty between the United States and the Republic of Korea affirms the belief of the United States that the greatest measure of security is found in collective community measures. As such, the treaty is evidence of our desire for peace and our conviction that to maintain peace it is essential to demonstrate, in concert with other free nations, our firm and clear resolve to react to aggression.

Therefore, I recommend that the Senate give its advice and consent to the ratification by the President of the Mutual Defense Treaty with the Republic of Korea.

American Principles. The Evolution of Foreign Policy (Dulles) 107

American Republics. Tenth Inter-American Conference Agenda 130

Australia. Entry Into Force of Estate-Tax Convention With Australia 123

Austria. Austria Urges Treaty Action 111

Claims and Property. Claims Against Former Ruling Dynasty of Egypt 112

Cuba. Expansion of Cuban Nickel Production 122

Economic Affairs

British Token Import Plan To Be Extended 123

Earnings on U. S. Investments Overseas During 1952 120

Entry Into Force of Estate-Tax Convention With Australia 123

Expansion of Cuban Nickel Production 122

Export-Import Bank Credit to Ecuador 123

The Growing Structure of International Motor Traffic Agreements (Kelly and Eliot) 117

U. S. Export Policy Toward Soviet Bloc 111

Ecuador. Export-Import Bank Credit to Ecuador 123

Egypt. Claims Against Former Ruling Dynasty of Egypt 112

Ethiopia. Haile Selassie To Visit U. S. 112

Greece. Tax Conventions With Greece Enter Into Force 124

International Organizations and Meetings

Austria Urges Treaty Action 111

Meeting Place Agreed on for Berlin Conference (text of communique) 110

Tenth Inter-American Conference Agenda 130

U. S. Delegation to International Conference 130

Korea. Senate Begins Consideration of Mutual Defense Treaty With Korea (President's message of transmittal) (Dulles) 131

Military Affairs. U. N. To Release War Prisoners to Civilian Status (General Thimayya) (General Hull) 113

Mutual Security. FOA Country Directors in Latin America Meet 121

Peru. FOA Country Directors in Latin America Meet 121

Presidential Documents: Message of transmittal. Senate Begins Consideration of Mutual Defense Treaty (With Korea (Dulles) 131

Treaty Information

Austria Urges Treaty Action 111

Entry Into Force of Estate-Tax Convention With Australia 123

Senate Begins Consideration of Mutual Defense Treaty With Korea (President's message of transmittal) (Dulles) 131

Tax Conventions With Greece Enter Into Force 124

Trieste. Administration of the British-U. S. Zone of Trieste During 1952 124

United Kingdom

Administration of the British-U. S. Zone of Trieste During 1952 124

British Token Import Plan To Be Extended 123

United Nations

Current U. N. Documents: A Selected Bibliography 131

Security Council: Administration of the British-U. S. Zone of Trieste During 1952 124

U. N. To Release War Prisoners to Civilian Status (General Thimayya) (General Hull) 113

U. S. S. R. U. S. Export Policy Toward Soviet Bloc 111

Name Index

Dulles, Secretary 107, 131

Eisenhower, President 131

Eliot, W. G., 3d 117

Hull, John E., 113

Kelly, H. H., 117

Selassie, Haile 112

Thimayya, Lt. Gen. K. S., 113

Winterton, Sir John 124

Check List of Department of State Press Releases: January 11-17

Releases may be obtained from the News Division, Department of State, Washington 25, D. C. Press release issued prior to January 11 which appears in this issue of the BULLETIN is No. 5 of January 7.

No.	Date	Subject
*7	1/11	Exchange of persons
8	1/12	Dulles: Evolution of foreign policy
*9	1/12	Exchange of persons
*10	1/12	Exchange of persons
11	1/13	Dulles: Treaty with Korea
12	1/12	Correspondence with Austria
13	1/13	Who Executive Board
14	1/14	Claims against Egyptian royalty
†15	1/14	Architectural Advisory Board
*16	1/15	Turkish President's visit
*17	1/15	Hotchkis nominated to Ecosoc
18	1/16	Tax conventions with Greece

*Not printed.

†Held for a later issue of the BULLETIN.



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Vol. XXX, No. 762

February 1, 1954



PROGRAMS FOR BUILDING NATIONAL AND INTERNATIONAL SECURITY ● <i>Excerpts from President Eisenhower's Budget Message to the Congress</i>	143
UNITED NATIONS CHARTER REVIEW ● <i>Statement by Secretary Dulles</i>	170
U.N. RELEASES PRISONERS OF WAR	152
OUR VICTORY IN KOREA ● <i>by Assistant Secretary Robertson</i>	149
INCREASING INTERNATIONAL UNDERSTANDING THROUGH EDUCATIONAL EXCHANGE ● <i>by Russell L. Riley</i>	162
COOPERATION IN U.S.-CUBAN INDUSTRIAL RELATIONS ● <i>by Ambassador Arthur Gardner</i>	158
THE PROCESS OF FEDERATING EUROPE ● <i>by Robert R. Bowie</i>	139

For index see inside back cover



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The Process of Federating Europe

by Robert R. Bowie

Director, Policy Planning Staff¹

Historically, federalism has been a process for creating wider political communities for promoting specific interests common to several existing states. For the formation of a federation, the component states must recognize that their problems and interests *are* common and that they can *not* be effectively handled by the separate states or by mere cooperation. Diagnosis has often been slow and painful. The federal remedy is not likely to be applied until the ills have become acute and less radical cures have clearly failed.

In the past, the problems which have most often led to the formation of new federal states have been defense and economic needs. In the United States, in Australia, Canada, Switzerland, and Germany, the federation had its origin in the inability of the individual states to provide either security or viable economies in isolation. In each case, some higher political authority was needed to mobilize their resources for common defense and to facilitate trade and commerce among them.

The rapidity with which the need for a new federal state is recognized and acted on depends on many factors. Temperament, training, and interest will make many people slow to accept the necessity of federation. State officials are likely to be reluctant to acknowledge their own incapacity to deal with the pressing problems. Those who profit by protected markets will resist the need for change. Existing loyalties and patriotisms will all counsel delay. Against such inertia or opposition, the requisite support for federation has generally been produced only by the threat of military or economic disaster.

In many ways, the current efforts to achieve European unity reveal a similar pattern. But there is novelty and invention in the methods adopted to make progress. The urgency of the problems made it essential to begin at once and proceed under forced draft. Hence in seeking to build a supranational European government, the

proponents have relied heavily on the dynamic conception of federalism as an evolving and growing process. They have started with incomplete measures, banking heavily on the continuance of the process for their ultimate success.

The Postwar Situation in Europe

In terms of need, conditions in Europe after the war were ripe for the creation of some form of federal state.

By 1945, Europe had suffered a radical decline in its power, economic well-being, and morale. For several centuries the states of Europe, with their developed industries and military power, had governed much of the world and shaped its history. Their rivalries and nationalism had broken out into repeated conflicts which ultimately culminated in two world wars. In their aftermath, the situation was profoundly changed. Europe lay almost impotent between two emergent giants—the U.S. and the U.S.S.R.

Contemplating their plight, many Europeans were bitterly disillusioned with nationalism. If Europe was to survive, they concluded, it was essential to find some way to bury past hatreds and to live and work together in peace. For the future, France and Germany must somehow reconcile and merge their vital interests. European unity, which had been advocated as an ideal for centuries, took on a new appeal as a practical program. To a weakened and divided Europe, unity offered a new faith and a vision of a peaceful and stable future.

The economic reasons for European integration went deeper than the war. For purposes of modern industry and commerce, the separate states of Europe were too small. Tariffs, quotas, currency restrictions, transport barriers, and private cartels all served to divide Europe into a series of airtight markets, each too restricted for efficient output and distribution. Any single state was powerless to correct the situation. It was forced to consider only its separate interests and to impose

¹Address made before the Bicentennial Conference, Columbia University, New York, N. Y., on Jan. 14.

more and more barriers to commerce with the outside. A general European government was needed to promote the common interest in a wider market and freer trade.

Likewise, it was apparent that no European state could defend itself alone. Despite terrible war damage, the Soviet Union had great and growing military and industrial power. No single nation had the resources in terms of money, materiel, or men to face the Soviet threat by itself. None would be able, merely in terms of strategy, to defend itself against a Soviet attack.

Nor was a coalition an adequate answer. Separate national forces, even if combined, would be grossly inefficient and could hardly produce a properly balanced total force for the defense of Europe. Effective defense, within Europe's means, required European institutions which could combine its resources in the most efficient way.

Men were not lacking who saw the need for European unity. Among them were practical leaders like Schuman, Plevin, and Jean Monnet in France; Adenauer in the German Federal Republic; Paul-Henri Spaak of Belgium; de Gasperi of Italy; and many others. Their experience in grappling with Europe's problems convinced them of the urgent necessity for Europe to unify under supranational institutions if its peoples were to live and prosper together in security and peace. The merging of the basic interests of West Germany and its neighbors offered the only hope for a constructive and permanent solution of their relations. The revival of West Germany under leaders devoted to the European idea provided an historic opportunity which must not be allowed to slip away.

The problem was how to proceed. Let us look briefly at what has been done so far toward economic, defense, and political unity.

Measures for Economic Unity

In dealing with Europe's postwar economic difficulties, organizations like OEEC [Organization for European Economic Cooperation], EPU [European Payments Union], and the Council of Europe had performed useful functions. But, while they provided a basis for cooperation among the states of Europe, they acted only by unanimity and could proceed only as rapidly as their most hesitant member. It was becoming clear, however, that if Europe was ever to solve her basic economic problems, she must promptly achieve more organic unity by creating European agencies capable of acting for the common interest.

But the obstacles to such closer economic unity were and are formidable, and deeply rooted. The very maturity of the European economies was a source of special difficulties. The long history of tariffs and other measures to protect national markets had created entrenched vested interests certain to oppose their removal.

Moreover, the expanded economic role of the modern state complicates the task of attempting to establish a new federation. Today, when the state accepts responsibility for the health of the economy, it manages the budget, taxation, currency and credit, and regulation of imports and exports as interrelated means for discharging this function. If a new federal state initially assumed this broad responsibility, it would probably be unable to cope with it. Yet to try to disentangle some of these threads for transfer to a federation, while leaving the rest in the hands of the member states, would hardly provide a permanent workable solution.

Faced with this dilemma, M. Schuman, in May 1950, suggested a unique method for getting started. In proposing the Coal and Steel Community, he stated that his plan had three major purposes: (1) to promote Franco-German trust and rapprochement by putting their primary raw materials, coal and steel, under common European institutions; (2) to make a start toward freer European trade by opening up a single market for these two basic industries; (3) to establish the nucleus of federal institutions. Six countries—France, West Germany, Italy, and the Benelux nations—joined in establishing the Community.

Separating out the coal and steel industries for European control was no easy task. In many ways they are woven into the fabric of their separate national economies. In transferring them to the European agencies, the Coal and Steel Treaty inevitably left certain threads untied.

The creators of the Coal and Steel Community were well aware that over time these loose ends might well cause serious trouble. But they were not planning for a static future. They did not expect the Coal and Steel Community to stand alone indefinitely. It was looked on as a first step only. The essential thing was to make a beginning toward unity before the opportunity was lost. Their plan and purpose was to start in motion a process—a process of growth—which would ultimately embody wider functions and authority.

In part this method was directed to accumulating experience and in part to creating a climate of opinion. The Coal and Steel Community was intended to teach by example the benefits of even limited economic unity. It was also designed to start the training and creation of a group of European officials whose loyalty was wider than national loyalty; whose horizons were wider than national horizons. Finally, it was to provide a symbol and a center around which new loyalties could group themselves. It was to be the living sign of a future Europe which would beckon others toward European solutions for other problems.

In the span of a little more than 3 years, the initial idea has already borne fruit to an amazing extent. The Coal and Steel Community has now been in operation for a year and a half as a sort of limited federation. Its institutions are set up

and functioning effectively. It has gathered together a group of civil servants who owe their allegiance to the European Community and not to the member states. The decisions of the Community in the common interest have been loyally accepted by the member states.

Measures for European Defense

As I have said, the Coal and Steel Community was intended only as the beginning. But the next step came more quickly than might have been expected. While the Coal and Steel Treaty was being negotiated, the Communists struck in Korea. This attack, and the fear that Europe might be next, focused attention on the pitiful weakness of its defenses. It soon became apparent that effective defensive strength in Europe would require participation of German forces.

France, which opposed any revival of a German national army, drew on the example of the Schuman Plan for a solution. In the fall of 1950, M. Pleven proposed the creation of a European army, integrating French, German, and other units under European institutions. In May 1952, the six states initialed the draft treaty for the European Defense Community. It has been ratified by West Germany and the lower houses in Belgium and the Netherlands, and awaits approval in France, Italy, and Luxembourg.

In its essence, the European army idea was even more radical than that of the Coal and Steel Community and involved more formidable difficulties. It dealt, after all, with more vital issues, charged with deep-seated loyalties and antagonisms and impinging directly on the individual citizens who serve in its military forces or who must make financial sacrifices for their support. Furthermore, the close tie between military and foreign policies calls for some means to harmonize them.

In view of these facts, it is not surprising that the powers granted by the Defense Treaty are relatively less complete than those under the Coal and Steel Treaty. The framers of the treaty were aware that, as a result, the Defense Community, as it stood, would hardly be viable over the long run. As a temporary expedient, the gaps could be filled by the existence of NATO and of the procedures established there. But before very long it would be essential to expand the powers of the Defense Community, and in view of its vital nature of activity, this would not be feasible unless its institutions were constructed ultimately on a broader democratic base.

The Political Community

Accordingly, the Defense Treaty included a special provision (article 38) to meet this need. Under it, the Assembly of the Defense Community was assigned the constituent role of working out

and submitting to the government a stronger framework for a federal or confederal structure, to be based on a bicameral legislature and on the separation of powers between it and an executive. This work was to begin only after the treaty had been ratified. During the summer of 1952, however, the Foreign Ministers of the six countries decided to request the Coal and Steel Assembly, slightly augmented, to draft a statute for a European Political Community. The work began at once and was pushed ahead energetically. By March 1953, a draft statute was ready and was submitted to the six governments, which are at present considering it.

A political community is the logical and practical next stage in the process of federation. This project, as now developed in draft, would set up stronger political organs for the Coal and Steel Community and, when realized, the EDC. Building on the earlier structures, it would include a popularly chosen parliamentary assembly, executive organs, and a judiciary. It would aim at the progressive achievement of a common market among the member states, with free movement of goods, capital, and persons. This project is being and will continue to be heatedly debated.

Prospects for the Future

Statesmen of vision have evolved in Europe a unique process of federation tailored to the peculiar problems and difficulties that face them.

The distinctive feature of this process has been in developing federal institutions, stage by stage, through successive agencies, wielding limited powers in specific fields. This method has made possible an immediate start in applying the federalist solution to pressing current problems. It relies on a cumulative process of growth and gradual fulfillment. It assumes that existing residues of traditional and nationalist thinking may best be changed through actual experience and example.

This method provides an inner compulsion toward growth. Once certain functions are delegated, once partial communities are established, their initial success can create pressures to widen their functions and cure their deficiencies. The commitment embodied in the steps already taken leads to the next logical step. The rapid start with the Political Community Treaty shows how effectively this compulsion can operate.

But the method also involves serious risks. The same deficiencies which provide motives to go further can, if not cured, undermine the communities already created. A process of this sort cannot stand still; it must go forward or seriously recede. That is the risk inherent in it.

What, then, are the prospects? No one can say for sure. In terms of need, certainly, European unity has an aspect of ultimate inevitability. No other way has been proposed to enable Europe to achieve security, economic health, and social sta-

bility, or to attain the permanent and essential reconciliation of France and Germany.

Decision cannot wait upon ideal conditions, which are not likely to materialize. Drift and indecision would only mean increasing insecurity, rising economic pressures, social tensions, political radicalism, and "crisis governments."

Forsaking the past and its conflicts, the six nations have set out on the more hopeful road toward unity. The results thus far are encouraging. Persistent efforts to maintain the momentum should insure that the EDC and the political statute are carried through and put into effect.

It is not too much to say that the future of Europe hangs on the early success of these efforts. The situation will not stand still. The present historic opportunity can be lost by indecision or delay. Grim realities demand that the six states overcome fears and hesitations and go forward, without faltering, in hammering out tighter bonds of union.

Netherlands Action on EDC Treaty

Statement by the President

White House press release dated January 20

I have just learned that the Netherlands, through action today by the First Chamber, has completed legislative action on the treaty to create the European Defense Community.

The Netherlands thus becomes the first country to complete the necessary legislative processes. I am gratified at the steady progress toward the achievement of conditions in Europe which will insure permanent peace and prosperity.

American Assistance to Netherlands Flood Victims

White House press release dated January 15

Following is the text of a letter received by the President from Her Majesty Queen Juliana of the Netherlands:

MR. PRESIDENT,

Now that the last gap in the dykes has recently been closed, I feel impelled to address myself to you and the American people, moved by a deep sense of gratitude. The floods which ravaged our country in February have brought great distress to hundreds of thousands of my compatriots and caused extensive damage. It has been a great comfort, however, that with a spontaneity to which history furnishes no parallel, sympathy with the victims was shown from all sides while valuable active assistance was given as well.

You sent us aeroplanes, helicopters and amphibious vehicles which have proved to be a tremendous help during the rescue work; goods and clothes were collected from all over the United States and considerable amounts of money were raised. You did even more than that: units of your armed forces rushed up; by their utmost exertions, toiling day and night on the inundated lands at the risk of their own lives under the most unfavourable weather conditions, they saved victims and their cattle and helped in plugging the innumerable breaches in the dykes. All those who did their utmost to help us have earned our deep-felt gratitude because they have proved that human solidarity does not stop at frontiers. On behalf of the victims and all my compatriots I address myself to you and, in doing so, to the American people to express what can hardly be expressed in words: our heart-felt thanks for everything you did when the sea—our faithful friend and eternal enemy—held our country in its crushing grip.

I seize this opportunity to convey to you, Mr. President, my sincere wishes both for the prosperity of the Republic and for your personal well-being.

JULIANA

SOESTDIJK, *January 8, 1954*

Recent Releases

For sale by the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. Address requests direct to the Superintendent of Documents, except in the case of free publications, which may be obtained from the Department of State.

Defense, Leased Areas in Goose Bay, Newfoundland. TIAS 2730. Pub. 5103. 5 pp. 5¢.

Exchange of notes between the United States and Canada—Signed at Ottawa Dec. 5, 1952.

Technical Cooperation, Aerial Photographic Project. TIAS 2732. Pub. 5109. 4 pp. 5¢.

Agreement between the United States and Liberia—Signed at Monrovia Dec. 15, 1952.

Technical Cooperation, Public Health and Disease Control Program. TIAS 2733. Pub. 5110. 6 pp. 5¢.

Exchange of notes between the United States and Saudi Arabia—Signed at Jidda Dec. 15, 1952.

Economic Cooperation, Duty-Free Entry and Free Inland Transportation of Relief Supplies and Packages. TIAS 2735. Pub. 5113. 5 pp. 5¢.

Agreement between the United States and Yugoslavia, with an accompanying note—Signed at Belgrade Dec. 3, 1952.

Defense, Offshore Procurement Program. TIAS 2738. Pub. 5117. 5 pp. 5¢.

Exchange of notes between the United States and Greece—Dated at Athens Dec. 17 and 24, 1952.

Mutual Defense Assistance in Indochina. TIAS 2447. Pub. 5119. 47 pp. 20¢.

Agreement between the United States, Cambodia, France, Laos, and Viet-Nam—Signed at Saigon Dec. 23, 1950.

Programs for Building National and International Security

*Excerpts from the President's Budget Message to the Congress*¹

NATIONAL SECURITY

Mutual Military Program

Because our own national security is vitally dependent on the continued strength of our allies throughout the free world, we have undertaken over the past several years to assist them in building the military forces necessary to deter Communist aggression from without or subversion from within. Since the beginning of the mutual defense assistance program in fiscal year 1950, when the armed strength of the free world was at low ebb, \$18 billion have been made available to furnish military equipment and training to friendly nations. More than half of this amount will have been spent by the end of the fiscal year 1954. This assistance, combined with their own resources, enables our allies and friends to equip and train an equivalent of 175 army divisions, about 220 air force squadrons, nearly 1,500 naval aircraft, over 440 naval vessels, and related combat and logistic units to back up these forces.

These friendly forces located in key strategic areas for the defense of the free world are largely supported by the countries themselves. In addition, substantial forces are exclusively supported by our allies. Without all of these forces the United States would be faced with a potential defense burden so costly that it could well sap the economic vitality of our Nation. These forces constitute an integral part of the military strength of the free world.

Since the mutual military program is so closely integrated with our own military plans and program, it is shown this year in the defense chapter of part II of the budget and is discussed here as part of our national security program. Because the mutual military program is also an integral

part of our foreign policy, the Secretary of Defense will continue to carry out his responsibilities for the mutual military program under the foreign policy guidance of the Secretary of State and within the terms of the mutual security legislation passed by the Congress.

In this budget, mutual military program funds are shown under the new obligational authority of the Department of Defense. However, this arrangement is being reviewed and my recommendations will be set forth in connection with the authorizing legislation I shall recommend to the Congress. This authorizing legislation should permit adjustments in the composition of our aid programs to meet changing needs due to new international developments. It is therefore essential that the Congress maintain the present Presidential powers of transferability of all foreign assistance funds, whether for military, technical, or economic assistance.

The recent Paris meeting of the North Atlantic Treaty Organization set realistic force goals for the 14 member nations, which will provide for a substantial increase in the defensive strength of NATO. The mutual military program provides the bulk of the initial equipment and certain mobilization reserves needed to meet these new goals. Meanwhile, our allies are themselves carrying heavy burdens. Their military budgets during the period of this program exceed by many times the value of the equipment we have so far delivered. They have expressed their determination to continue their efforts at high levels.

Despite the progress which NATO has made, we are nevertheless faced with a serious need to achieve the unity in Europe which is necessary for strength and security in the North Atlantic area. As is well known, the treaty constituting the European Defense Community is not as yet in effect. It is not necessary for me to dwell on the reasons why the EDC is urgently needed. However, I am convinced that the Europeans who must decide on this essential next step toward building a European community are fully aware of what is at

¹H. doc. 264, 83d Cong., 2d sess.; transmitted Jan. 21. The full text of the message is for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington 25, D. C., at \$1.50 a copy (paper cover).

stake and will in the near future reach their decisions.

NATO is engaged in a reappraisal of strategy and tactics to reflect the prospective availability of atomic and other new weapons. These studies, to be meaningful, require the dissemination of certain information regarding atomic weapons to NATO commanders. This will have a significant impact on NATO planning and provide a greater measure of security for all. I shall recommend that the Congress amend the Atomic Energy Act to permit us to disseminate classified information to our allies with regard to the tactical use of atomic weapons. This, of course, would be accomplished under stringent security regulations. It is essential that action on this matter be taken by the Congress during the current session.

In Indochina, where the French Union and Associated States forces are holding back Communist efforts to expand into the free areas of Asia, the United States is making a major contribution by providing military equipment and other military support. The amount as well as the timeliness of this military assistance will be an important factor in improving the situation. Additional native forces must be trained and equipped to preserve the defensive strength of Indochina. This assistance is required to enable these gallant forces to sustain an offensive that will provide the opportunity for victory.

We have helped the Chinese Nationalist forces to strengthen the defense of the island of Formosa. This assistance will be continued as will assistance to other countries of the free world such as the Philippines, Thailand, and some of the American Republics.

The mutual military program, like our domestic military program, is now designed to build strength for the long pull rather than meet a given target date. Accordingly, we will concentrate on helping equip forces which our allies can themselves support over a long period of time, with minimum dependence upon aid from the United States. We have succeeded in substantially reducing the need for additional funds in fiscal year 1955 compared to previous years.

Our mutual security program continues in two related parts—the economic and technical program is much smaller in amount than the mutual military program and is discussed in a later section under international affairs. In that section is a comparative summary of the combined program.

Development and Control of Atomic Energy

In my speech before the United Nations on December 8, 1953,² I made proposals looking toward a resolution of the atomic danger which threatens the world. My budgetary recommendations for the program of the Atomic Energy Commission

for the fiscal year 1955 contemplate both new efforts to advance peacetime applications of atomic energy and also additional production of fissionable materials. All men of good will hope that these fissionable materials, which can be used both for peace and for military defense, will ultimately be used solely for peace and the benefit of all mankind.

Under the recommendations in this budget, expenditures of the Atomic Energy Commission will rise in the fiscal year 1955 to the highest point in our history. Operating costs will rise significantly as newly completed plants are brought into production. Capital expenditures will continue at a high level as construction goes forward on major new plants authorized in recent years. New obligational authority recommended in 1955 is above that provided in 1954, because of the expansion in operations. Initiation of new construction projects will be at a lower level than in recent years, and they will be limited essentially to facilities directly related to the production program and to several urgently needed research and development facilities. In all areas of activity the Commission is making strenuous efforts to effect economies; results are being accomplished in the reduction of unit costs.

The increase in expenditures for operations from \$912 million in the fiscal year 1954 to \$1,182 million in 1955 is due primarily to expanded operations at the Commission's facilities at Oak Ridge, Paducah, Portsmouth, Hanford, and Savannah River, as plants are completed and placed in operation. To meet the greater requirements for raw materials for this enlarged productive capacity, increased amounts of uranium ores and concentrates will be purchased. Due to vigorous efforts in recent years to expand our sources of supply in this country and abroad, increased amounts are now being made available to match the increase in requirements.

Atomic reactor development will be focused particularly upon the development of industrial atomic power for peacetime uses. The Commission will move forward on the construction of a large atomic power reactor to be initiated in the fiscal year 1954, marking a significant advance in the technology of peacetime atomic power. Research and development, including construction of experimental facilities, will continue also on several other types of reactors which show promise of ultimately producing power at economic rates.

The launching—this month—of the first atomic submarine, the U. S. S. *Nautilus*,³ will be followed in the fiscal year 1955 by the launching of the U. S. S. *Seawolf*, a second atomic submarine of different design. Research on the more difficult problems of aircraft propulsion by atomic energy will continue.

³The *Nautilus* was launched on Jan. 21 at Groton, Conn., after being christened by Mrs. Eisenhower.

² BULLETIN of Dec. 21, 1953, p. S47.

With the advent of various technical developments relating to atomic power and with the greater availability of raw materials and fissionable materials, the time has arrived for modification of the existing atomic energy legislation to encourage wider participation by private industry and by other public and private groups in this country in the development of this new and uniquely attractive energy source for peaceful purposes. Such widespread participation will be a stimulating and leavening force in this important field and will be consistent with the best traditions of American industrial development. The congressional Joint Committee on Atomic Energy last summer held public hearings which have served a most useful purpose of identifying and developing both the problems and the opportunities which emerge as preparations are made to depart from the Federal Government's existing monopoly in this field. Legislation is being recommended to the Congress which would encourage such participation and yet retain in the Federal Government the necessary controls over this awesome force.

Further amendment of the Atomic Energy Act is needed also to enable us to realize the full value of our atomic energy development for the defense of the free world. I shall recommend amendments which would permit, with adequate safeguards, a greater degree of exchange of classified information with our allies, in order to strengthen their military defenses—as already mentioned—and to enable them to participate more fully in the development of atomic power for peacetime purposes. I shall recommend also an amendment which would permit the transfer of fissionable material to friendly nations to assist them in peacetime atomic power development, particularly those nations which are supplying us with uranium raw materials. This proposed amendment, as well as the previously mentioned amendment, will provide adequate safeguards for the security of the United States. These legislative recommendations are independent of my recent proposal for the establishment of an international agency to advance the peacetime benefits of atomic energy, for which additional legislation would be needed.

It is now feasible to plan to terminate Federal ownership and operation of the towns of Oak Ridge, Tennessee, and Richland, Washington. To enable the citizens of these communities to manage their own affairs in a more normal fashion, legislation will be recommended which would permit them to purchase their own homes and to establish self-government in these communities.

Stockpiling of Strategic and Critical Materials

Considerable progress has been made in the fulfillment of the national stockpile goals, and

further substantial progress is expected during the fiscal year 1955. By the end of 1955 about 50 of the 73 materials objectives will be virtually completed. Consequently, expenditures will decline sharply from \$919 million in 1953 to \$770 million in 1954 and \$585 million in 1955. The total value of all stockpile objectives is estimated at \$7.2 billion, of which about 5.5 billion will be on hand by June 30, 1955, to meet industrial and mobilization requirements in times of emergency. In addition to these direct expenditures from stockpile appropriations, the borrowing authority provided under the Defense Production Act, discussed in the finance, commerce, and industry section of this message, is used primarily for expanding the supply of critical materials. Net expenditures under this authority are estimated at \$381 million in the fiscal year 1954 and \$308 million in 1955. Therefore, a total of nearly \$900 million will be spent in the fiscal year 1955 to assure an adequate supply of critical materials in the event of an emergency.

INTERNATIONAL AFFAIRS AND FINANCE

My budget recommendations for the international programs of the Government will enable us to hold our newly won initiative in world affairs and move toward a lasting peace. The budget for international affairs and finance includes funds required for the conduct of our foreign affairs, for the programs for economic and technical development abroad, and for our foreign information and exchange program.

The mutual military program, which was formerly included in the budget along with these programs under the heading "International security and foreign relations" has been discussed in this budget message as part of the national security program. At the same time, military assistance is intimately related to and must be administered in the furtherance of our foreign policy.

The extent of our assistance under both the mutual military program and mutual economic and technical program is shown in a summary table below. This table covers all components of the present mutual security program. This entire program is directed toward the establishment of conditions overseas which, in one way or another, contribute to our own security and well-being.

Our national security and international programs are designed to deter would-be aggressors against the United States and other nations of the free world, and to strengthen our efforts for peace by all appropriate means including diplomatic negotiations with the Soviets. With a position of strength, an effective conduct of our foreign relations by the Department of State is the keystone of our efforts to win our way to peace. There has

MUTUAL SECURITY PROGRAMS, MILITARY AND ECONOMIC

[Fiscal years. In millions]

	1953 actual	1954 estimated	1955 recom- mended or estimated
Expenditures:			
Mutual military program	\$3, 954	\$4, 200	\$4, 275
Mutual economic and technical program	1, 702	1, 300	1, 125
Total	5, 656	5, 500	5, 400
New obligational authority:			
Mutual military program ¹	4, 236	3, 800	2, 500
Mutual economic and technical program ²	1, 907	926	1, 010
Total	6, 143	4, 726	3, 510

¹ Does not include reappropriations of \$321 million for 1953 and \$1,763 million for 1954.

² Does not include reappropriations of \$128 million for 1953 and \$179 million for 1954.

never been a time when the future security and welfare of our country were more dependent upon the exercise of wise leadership in the realm of world affairs. My recommendation for funds for the Department of State will enable it to meet this challenge.

Some countries are still facing such economic conditions that they are not able solely by their own efforts to support the desired military effort or to provide for the economic growth and progress essential to our mutual objectives. It is thus still necessary that supplementary goods, services, and technical skills be provided by the United States. It is for these purposes that funds for economic and technical development are requested for fiscal year 1955.

Through our information and exchange program we are attempting to achieve a clear understanding by others of our aims, objectives, and way of life and a better understanding by us of the aspirations and cultures of other countries. Such mutual understanding increases our ability to exercise strong, sympathetic, and cooperative leadership in the mutual efforts of free peoples to achieve their common goals.

During the past year progress has been made toward the accomplishment of the objectives of our international programs. Not only have our allies and friends grown in military strength, but also a continued high level of production and increased gold and dollar reserves have permitted European countries to become more nearly self-supporting. This improvement makes it possible for estimates of expenditures for economic and technical programs included in this budget to be significantly lower than the already reduced level of the fiscal year 1954. Significant contributory factors in this progress have been our assistance in past years and the positive and constructive fiscal and other economic measures which have been taken by the other countries themselves. As a result the fiscal year 1955 represents, in a sense, a period of transition from heavy dependence by a large number of countries upon massive bilateral economic assistance from the United States to the use of such assistance in more limited circumstances. Progress in such a transition will generally depend upon the extent to which our own policies, and those of our friends, contribute to increased private investment, increased exports

INTERNATIONAL AFFAIRS AND FINANCE

[Fiscal years. In millions]

Program	Gross expenditures			Net expenditures			Recom- mended new obligational authority for 1955
	1953 actual	1954 esti- mated	1955 esti- mated	1953 actual	1954 esti- mated	1955 esti- mated	
Conduct of foreign affairs	\$150	\$129	\$125	\$150	\$129	\$125	\$116
Economic and technical development:							
Present program ¹	2, 396	1, 943	1, 105	1, 960	1, 555	658	15
Proposed legislation			370			370	1, 010
Surplus agricultural commodities disposal (proposed legislation)							300
Foreign information and exchange activities	106	95	97	106	95	97	105
Total	2, 652	2, 167	1, 697	2, 216	1, 779	1, 250	1, 546

¹ Gross expenditures exclude private bank loans guaranteed by the Export-Import Bank and net repayments thereof in the amounts of 4 million dollars in 1953, 82 million dollars in 1954, and 188 million dollars in 1955. Such amounts are included in table 1 and Special Analysis B.

to the United States, internal financial and economic reforms in some countries, and multilateral cooperation for the achievement of strong and self-supporting economies.

Conduct of Foreign Affairs

The burden of the vastly enlarged responsibility involved in our international affairs falls heavily upon the Department of State since the Secretary of State is the officer responsible, under the President, for the development and control of all foreign policy and for the conduct of our relations with foreign governments and international agencies. Successful discharge of this broad responsibility calls for wise and informed diplomatic support to our national leaders in negotiations carried on at the highest levels as at Bermuda and Berlin. It requires the day-to-day representation of our national interest through some 273 diplomatic missions and consular offices abroad. We also must continue to give our firm support to the United Nations and other international organizations, and bear a part of the costs of these organizations and their programs. A successful administration of our foreign policy requires the State Department to report and appraise political, economic, and social conditions and trends abroad; to provide foreign policy guidance to all agencies carrying on programs overseas; and to coordinate in the field all foreign policy aspects of overseas programs. Finally, advice must be furnished as to the foreign policy implications of domestic programs.

Net budget expenditures for the conduct of foreign affairs in the fiscal year 1955 are estimated at \$125 million. This expenditure represents a decrease of \$4 million from 1954, resulting from reduction of personnel and other costs of the Department of State including the curtailment of civilian occupation activities in Germany.

Economic and Technical Development

Net budget expenditures for economic and technical development in the fiscal year 1955 are estimated at \$1,028 million, compared with \$1,555 million in the fiscal year 1954 and \$1,960 million in 1953.

This budget, as did the fiscal year 1954 budget, reflects proportionately greater emphasis on programs in Asia, Africa, and Latin America. It contemplates new appropriations for aid to very few European countries.

In the Far East there is a need for contributions to provide for relief in Korea and, now that hostilities have been terminated, for an expanded reconstruction program for that war-devastated country. Funds are also recommended to maintain the strength and security of Formosa and to support further the effort of our friends combating Communist aggression in Indochina. This budget

also provides for technical assistance and economic development in India, Pakistan, the Philippines, and other nations of Asia to encourage continued progress in their efforts to improve the living conditions of their people.

With respect to the Near East the budget provides for helping relieve the plight of Arab refugees through contributions to the United Nations refugee agency, and for technical assistance and supplementary economic development in the Arab States, Israel, and Iran.

Provision is also made in the budget for continuing the technical assistance program for Latin America. This program, which has existed for a number of years, contributes to a reduction of social and economic problems upon which communism feeds and which hampers the development of stable and growing economies.

Surplus Agricultural Commodities

I plan to request authority soon to use a part of our accumulated surpluses of agricultural products to assist in strengthening the economies of friendly countries, and otherwise to contribute to the accomplishment of our foreign policy objectives. Authority will be requested to use for this purpose over a 3-year period up to \$1 billion worth of commodities held by the Commodity Credit Corporation. This budget anticipates a request for a supplemental appropriation of \$300 million for the fiscal year 1955 to reimburse that Corporation for commodities used.

This program for use of agricultural surpluses is designed to complement our general program of economic and technical development and must be closely coordinated with it. The program for use of surplus agricultural commodities involves the use of stocks held by the Commodity Credit Corporation. No additional budget expenditures will be required for these commodities.

It should be emphasized in connection with this program that it is purely temporary, predicated upon adoption of our domestic agricultural program which should not involve the continued accumulation of large surpluses. Special safeguards will be provided which will require that commodities furnished must be in addition to amounts which otherwise would have been imported and must not displace the usual marketings of the United States and friendly countries.

Foreign Information and Exchange Activities

This budget includes expenditures of \$97 million for foreign information and exchange activities, including those functions conducted by the new United States Information Agency. This is an increase of \$2 million over the expenditures for foreign information and exchange programs in the fiscal year 1954.

In October, on the advice of the National Security Council, I directed the United States Information Agency to develop programs which would show the peoples of other nations that the objectives and policies of the United States will advance their legitimate aspirations for freedom, progress, and peace.⁴

I believe that if the peoples of the world know our objectives and policies, they will join with us in the common effort to resist the threat of Communist imperialism and to achieve our mutual goals. It is essential that the United States Information Agency have the tools to carry out this mission.

The United States Information Agency will reach 77 free countries through radio, press, motion pictures, or information centers and will reach 10 Iron Curtain countries through radio broadcasts.

My budget recommendations for information and exchange activities include \$15 million of new obligational authority for educational exchange programs. These programs are designed to promote a receptive climate of public opinion overseas through the exchange between the United States and over 70 foreign countries of students and persons who are leaders important to the present or future of their nations.

Problems Facing Meeting of Foreign Ministers

Press Conference Statement by Secretary Dulles

Press release 21 dated January 19

I plan to fly to Berlin on Thursday leaving here about noon. The President has kindly made the "Columbine" available to us for the flight.

My principal assistants will be Mr. Merchant, Assistant Secretary for European Affairs; Mr. MacArthur, Counselor; Mr. McCardle, Assistant Secretary for Public Affairs; Mr. Bowie, Director of the Policy Planning Staff; Assistant Secretary of Defense Frank Nash; and Mr. C. D. Jackson of the White House staff. Also, certain U.S. Ambassadors and diplomatic representatives in Europe, including Ambassador Conant and Ambassador Bohlen, will be present in Berlin to assist in the consideration of those subjects with which they are primarily concerned.

This will be the first time that the four Foreign Ministers have met since 1949, nearly 5 years ago.⁵ It will be interesting to see whether Soviet policies and tactics have changed. In the past, Soviet

leadership has not sought any constructive results, but rather has sought to divide and weaken the Western nations. They have tried to stir up French fear of Germany and German resentment against France. They have sought to frighten the Western European nations by picturing the United States as a militaristic imperialist.

If at the coming conference the Soviet pursues these same tactics then the conference will be a futility. We will all have wasted our time, and that applies to the Soviet leaders as well, for the Western nations are sufficiently mature not to be fooled by tactics of division employed by those who themselves have consolidated 800 million people into a single massive military bloc.

If, as we hope, the Soviet leaders approach this conference in a constructive mood, they will find us responsive and then there will be plenty to do. The conference could have large historical significance.

Austria needs to be liberated. There is no substantial obstacle in the way except the will to do it.

Germany needs to be unified. That can be done if the four occupying powers pull down the barriers so that a united Germany can through free elections create an all-German government. The three Western Powers stand ready to do that but they cannot do it alone. Soviet concurrence is essential.

I look forward to working in close association with Mr. Bidault and Mr. Eden. All three of us have had extensive experience in postwar negotiations with Soviet leaders. Our prior talks at Bermuda and at Paris, London, and Washington have demonstrated that we think alike. Also our views are shared by Chancellor Adenauer, with whom we maintain close contact.

Departure Statement by the Secretary ⁶

We are going to Berlin on a mission which is difficult, but hopeful. We shall need to feel the moral support of the American people.

This will be the first time in 5 years that the United States with Britain and France will be negotiating with the Soviet Union. The subject is the future fate of Europe. Will Germany and indeed all Europe be unified for peace? Or will divisions be imposed which will make Europe again the breeder of war?

The Berlin conference will not finally answer these questions. But it will go far to indicate what the final answers will be.

The United States has a great stake in this matter. Most of us have close ties with Europe and we share its culture and religion. Many Americans have died on the battlefields of Europe to help to save our civilization from being crushed by the consequences of Europe's inner conflicts.

This time, we believe that Europe will be rebuilt

⁴ *Ibid.*, Nov. 30, 1953, p. 756.
⁵ For text of communique issued at conclusion of 1949 meetings, see BULLETIN of July 4, 1949, p. 857.
⁶ Made at the Washington National Airport on Jan. 21 (press release 28).

in strength. France and Germany are cooperating and providing statesmanlike leaders. They are strongly supported by Great Britain and the United States.

I believe that no Soviet efforts can prevail against our constructive purposes and I hope

that that will not be tried. If the Soviet leaders come to Berlin with a genuine desire to create conditions of peace, they will find us openminded and cooperative and we can together do much good for Germany and Austria and indeed for Europe and the world.

Our Victory in Korea

by Walter S. Robertson

Assistant Secretary for Far Eastern Affairs¹

Pride in all its forms, as we know, is very reprehensible. And local pride—pride in one's place of origin—being particularly vainglorious, is particularly sinful. However, I have no repentance in confessing to this sin. I am intensely proud of Virginia. And furthermore, I should say I do not believe the Almighty ever intended Virginians to be modest about Virginia. If He had, He would not have made it so difficult for us.

It is impossible not to be proud of Virginia's contribution to our civilization. There have been so many great Virginians that they have tended to stand in one another's shadow, like trees that have grown to giant stature, one close beside another, in soil of exceptional richness. Had Jefferson, for example, been a native of one of the States north of the Potomac, he would today, I believe, have a national cult at least as impressive as Lincoln's. If Jefferson has never fully received the understanding and appreciation that are his due, it may be in part because he had on either side of him the towering figures of Washington and of Lee. It was the fate of those two incomparable leaders, as it was their capacity, to embody and symbolize in their own persons the great causes for which they fought. We have the feeling about them that, even while they lived, they were immortals and were not to be comprehended in terms common to ordinary human beings. It is apparent that even their contemporaries felt this.

Jefferson, though no less great than George Washington and Robert E. Lee in terms of his achievements, was by contrast an intensely human figure. His attainments—and they were extraordinary, almost unbelievable in their range—were the attainments of a man who realized within himself, perhaps as fully as any one person since Leonardo

da Vinci, the potentialities of human beings. Perhaps more truly than any other American, before or since, Jefferson visualized the significance and promise of our country. His vision is always new, always meaningful. And it is to his vision that our country, as long as it is true to itself, must always be striving to live up.

In all that Jefferson did as a statesman, you feel his consciousness that the eyes of the world were upon the young American Republic. He was intensely aware, throughout those years of struggle, of the importance to the human race of what he and his contemporaries were trying to achieve. It was a constantly recurring theme of his writing. As he expressed it on one occasion:

“No experiment can be more interesting than that we are now trying, which we trust will end in establishing the fact that man may be governed by reason and truth.”

Although the subject I have chosen to talk about this evening is Korea, it is to that point—the point that Jefferson made—that I shall come back in the end. What the American people did was significant for mankind in Jefferson's day because democracy was in the experimental stage. It is significant today because democracy is facing a challenge more determined than perhaps any it has had to meet in the past.

Results of the Korean War

The American people, I am aware, have a gnawing feeling of dissatisfaction and frustration over the results of the Korean war. The attitude of many is that because we did not drive the Chinese Communists back into Manchuria and fully liberate Korea we failed in our undertaking. The point is made that North Korea is still in the grip of a foreign, Communist tyranny, that this

¹Address made before the Virginian Society of Baltimore, Md., on Jan. 22 (press release 30).

tyranny denies the Korean people their longed-for unity, and that this is a monstrous injustice. That is true. Obviously it must be a matter of regret to all of us that Communist power was not driven back beyond the Yalu and Tumen Rivers from whence it came into Korea as a foreign invader. In addition to our concern for the Koreans still under Chinese Communist rule, we must recognize that the fact that the Chinese Communists were not expelled from the whole of Korea has made them look more formidable in some parts of the world. And this is not only unfortunate but ironical. For among the nations with whom the Chinese Communists have perhaps acquired this more imposing appearance are those who were particularly unfavorable to a home-thrust against Communist China and whose views the United Nations Command necessarily took into account.

Historians will be debating for years to come the factors for and against a wider application of American military power in the Korean conflict. It is not my intention, however, to enter into this debate although I have strong personal views on the subject. I should like to look at the Korean war from the point of view not of how we might have done better or worse but of what we did accomplish. First I think we must recognize that, while North Korea is still held subject to a foreign tyranny that prevents the reunion of the Korean peoples, East Germany is also under a foreign tyranny that prevents the reunion of the German peoples. The Baltic States, Czechoslovakia, Hungary, Rumania, Bulgaria, and Albania have also been brought by military force under a foreign tyranny. We cannot, however—and this is what we must recognize—we cannot charge our nation with the responsibility for redressing every wrong under which mankind suffers. We cannot consider ourselves morally obligated to liberate by force of arms all those peoples who have had their independence taken from them. The restoration of the independence of those who have lost it remains the constant concern of the United States Government. That does not mean, however, that we are impelled to achieve this objective by war.

For one thing, we have only one-thirteenth of the population of the world and there are limits to what we can do with this small number. Moreover, we could not expect, even if we wished, to lead any substantial number of the other twelve-thirteenths in a military campaign against all the oppressive and tyrannical governments in the world. Most of those other peoples, almost all those of Europe and Asia, have already been put at least once in their lifetimes through the mangle of war. They recognize only too well that any cure of mankind's ills requiring a major war would be worse than the disease. The cost in human lives and suffering of liberating by force all the countries now held captive under Communist imperial-

ism—even if we could accomplish it singlehandedly, which we could not—would be so fearful that nothing could justify it.

So much for the negative side. On the positive side I should like to point to the kind of victory we won in Korea. For the victory was very real and, conceived in terms of the announced objective of the United Nations, it was a complete victory. The victory won in Korea, and this is what I believe the American people generally fail to appreciate—was a victory over a far older enemy of mankind than the Communists, an enemy far more terrible in the number of its victims than even the tyrannies of the Communist world. The victory was over aggressive war itself. And that was the United Nations objective in Korea: to repel the aggression.

We won this victory without subjecting mankind to the horrors of a general war, in which the pacific states must have suffered scarcely less than the aggressors. That was what the free nations had twice before in our generation failed to do. For their aggression in Korea, the Communists were made to pay a fearful price in hundreds of thousands killed and wounded; in the destruction of vast quantities of their precious transportation and military equipment; in the setbacks to the Chinese industrialization program; in the wreckage that was made of North Korea, which before the war had been an important economic asset to the Communists. Because of that, because of the moral purpose and the military strength we demonstrated in repelling the aggression in Korea, the danger of further such Communist attacks has, I think it is clear, been greatly reduced.

Winning on a Principle

That gain, great as it is, was not our only gain. During the last year and a half of the Korean war, when the aggression had been repelled and the aggressor stood behind the line from which his attack had been launched, we were fighting for another principle. We were fighting a battle that would have been particularly close to the heart of Thomas Jefferson, whose guiding belief was that all men are possessed of *inherent* and *unalienable* rights—which, by the way, was how he expressed it in his original draft of the Declaration of Independence that was subsequently altered. The question at issue was whether human beings are the chattels of whatever regime controls their country and as such must obey its every edict, however tyrannical, or are to be recognized as having an ultimate responsibility for their own destinies. Expressed in terms of its supreme significance, the question was whether the state or the human individual is the instrument of God's will. If the former, then all the prisoners whom we had taken from the Communists were subject to return by force to the Communist side as the Communists demanded. If

the latter, then those who did not wish to return were not so subject. The Communists do not, of course, recognize God. They invoke instead the historical imperative and Marxism-Leninism. For our part, we were determined that history would follow not Marxism-Leninism or even the teachings of Mao Tse-tung but the imperative of God, who had endowed man with inherent and unalienable rights.

The question of which side would prevail on this crucial point was the issue of the Korean war long after the aggression had been repelled. We were determined that not one Chinese or Korean that we held as a prisoner of war would be forced to return to the tyranny he abhorred. And in the end—probably because the Communists understood that we were ready to resort to more far-reaching measures than we had so far applied—we won on this principle as we had on the principle of repelling the aggression. At this very time, 22,000 Chinese and Korean prisoners of war, determined to resist return to Communist control, are being freed as civilians in accordance with the terms of the armistice the Communists accepted 6 months ago today. This is a great occasion in the history of mankind.

The Communists must take into account that, in any future conflict between the Communist world and the free world, the unwilling soldiers on their side will be able to escape their tyranny by taking asylum with free nations. This realization, like the defeat of their aims in Korea, will be a powerful deterrent to future aggression. The present greatly diminished prospect of war will, in my opinion, be recognized by history as a great victory for our side, a victory achieved in Korea and also, I should add, through NARO. But let us remember that our increased immunity from Communist attack is entirely and completely, and in every sense, a function of our ability to withstand such an attack. The moment the Communists conclude we have lost that ability, we shall stand in mortal peril.

And that is not all. Let us not imagine that, because in Moscow's and Peiping's view an attack on the free world under present circumstances would not be profitable, anything has been "settled" between the Communist world and our own. Nothing whatsoever has been settled. The issues are precisely what they were before the attack on the Republic of Korea. The Communists are as determined as ever to destroy all centers of resistance to their ideology and to the agencies of their power. They have simply, for the present, adopted different techniques.

We may expect them now to concentrate on strengthening themselves and weakening us by means other than waging open war against us. We may expect Moscow and Peiping to continue sacrificing the welfare of the Russian and Chinese peoples to the building up of the industrial base that will be required for their huge military ma-

chines of the future. We may expect them to continue supporting and provisioning uprisings and rebellions against legal governments in the free world such as they are now doing in Indochina, where a situation of great danger to us exists. We may expect them to redouble their efforts to exploit sources of discontent and revolt among the "have-nots" of the free world; to sow and foster confusion, suspicion, and hatred; to set class against class, color against color, nation against nation. We may expect them to redouble their efforts to poison the minds of other peoples against the United States, to insist that it is only the anti-socialistic warmongering elements of capitalistic America that stand in the way of a universal peace. Every Communist voice telling us that all will be happy and peaceful if only we make the next two or three concessions will be matched by voices on our own side explaining, in one way or another, how vigilance and preparedness are somehow unworthy of us and, in any case, are costly and unnecessary.

The period into which we are now entering will be one of increased rather than diminished difficulty. War is a marvelous instrument for making the issues of a struggle graphic and unmistakable, for keeping people's resolution up to the mark, for calling forth sacrifices and endurance. In a period of peace we shall be under strong temptation to excuse ourselves from the hard tasks that the contest with the Communist camp enjoins upon us. It will be easy to rationalize our desire to give ourselves up to all the material pleasures and comforts that are so effectively advertised to us in every newspaper, magazine, and broadcast and to be untroubled by responsibilities in distant lands. It will be easy to believe that the Communists have somehow changed, that they are becoming subject to the softening influences that so often overtake militant movements.

I pray that we may resist these temptations. It is only by resisting them, by reminding ourselves unceasingly that Communist ambitions and purposes have not undergone the least modification that we may hope to escape a final reckoning by force with the Communist world—a military showdown on terms advantageous to them, in circumstances of their own choosing. The question is whether we shall hold onto the advantage we won in Korea at such a fearful cost of blood and labor.

It may appear from what I have said that, in my opinion, the best we can do is to hold our own against the Communists and that we must reconcile ourselves to a passive defense and acquiescence in Communist control over a third of the earth's population. That is far from what I mean. If you asked me what kind of resolution of the all-encompassing struggle with the tyrannical empire of the Communists we may look forward to, I should give you a very simple answer. Communism is a movement that cannot survive without expanding. It cannot remain static. The strength

of communism consists in the fanatical conviction of its adherents, and their ability to persuade others, that Communist analysis is infallible and that communism must, therefore, prevail over all opposition. It is up to us to destroy that illusion of inevitable Communist triumph. By so doing, we shall strike at the very heart of the monster.

Our all-important aim must be to forestall any further expansion of the empire of Moscow and Peiping while at the same time giving all those peoples enslaved under Communist imperialism real reason to understand that they are not alone in their determination to win back their independence. The captive peoples must have confidence that they can look to us for all measures in their behalf short of those that would do them—and other peoples—more harm than good. We must demonstrate to peoples and governments on both sides of the Iron Curtain—what is already obvious to all enlightened peoples—that communism is not an advanced methodology for the scientific reconstruction of society but is a crudely conceived resurrection of the worst features of ancient tyrannies and that its chief present employment is to justify the practices of Soviet Russian and Communist Chinese imperialism.

Much, perhaps everything, will depend upon the comparative accomplishments of the two worlds. I have every belief that if we can demonstrate how infinitely more our way of life has to offer mankind—especially those vast numbers of mankind who have received little, if any, benefit from it so far—and that it can generate more moral and physical strength than the Communist system, we

shall see a revulsion everywhere against communism and all it stands for, an inevitable part of which will be a shattering of faith in Moscow and Peiping themselves and a convulsive breakup of the whole monolithic structure. The more we can succeed in strengthening the faith of the peoples imprisoned behind the Iron Curtain, the more convincing evidence we can give of our support of their cause, the more rapid that breakup will be.

It goes without saying that in the contest ahead we should do nothing to help the Communist camp overcome its difficulties. It also goes without saying that we must strive to make the very most of our own opportunities, in particular, to set an example impregnable to Communist falsehood and slander.

I said I should end with Jefferson. From a century and a half ago he reminds us that we are not “acting for ourselves alone, but for the whole human race. The event of our experiment is to show whether man can be trusted with self-government. The eyes of suffering humanity are fixed on us with anxiety as their only hope, and on such a theatre for such a cause we must suppress all smaller passions and local considerations.” And again: “The station which we occupy among the nations of the earth is honorable, but awful. . . . And to what sacrifices of interest, or convenience, ought not these considerations to animate us? To what compromises of opinion and inclination, to maintain harmony and union among ourselves, and to preserve from all danger this hal- lowed ark of human hope and happiness.”

U. N. Releases Prisoners of War

Following are the texts of statements regarding the release of prisoners of war in Korea made by Gen. John E. Hull, United Nations Commander, Secretary Dulles, Henry Cabot Lodge, Jr., U. S. Representative to the United Nations, and James J. Wadsworth, Acting U.S. Representative to the United Nations; and of an exchange of letters between Gen. K. S. Thimayya, Chairman of the Neutral Nations Repatriation Commission, and General Hull:

GENERAL HULL'S STATEMENT OF JANUARY 23

By action of the Chairman of the NNRC those anti-Communist Pow's who did not choose to be repatriated or to remain in NNRC custody for assistance in going to neutral nations were released to territory under UNC control.

The action of releasing these Pow's without declaring their civilian status cannot, under the

agreement on Pow's, lawfully result in the inhumanity of continued indefinite imprisonment for thousands of Koreans and Chinese.

The UNC has repeatedly stated that it would fully respect the rights of the Pow's as set forth in the Terms of Reference of the NNRC annexed to the Armistice Agreement. The Terms of Reference were developed in solemn agreement between the opposing sides in the Korean conflict. They were intended, and must be given effect, as a guarantee against indefinite captivity. Accordingly, all prisoners who have not chosen to be repatriated are entitled, now that the 120-day period for their custody by the NNRC has expired, to their freedom as civilians and to have this freedom respected by all concerned. The UNC considers that these former prisoners now have civilian status. As of 0001 hours Korean time on 23 January 1954 they became free men.

STATEMENT BY SECRETARY DULLES

Statement by Secretary Dulles

Press release 27 dated January 20

The prisoners of war in Korea who do not desire to be repatriated are now being released and will revert to civilian status punctually in accordance with the terms of the armistice agreement. We can take great satisfaction from that fact. Oftentimes doubt has been expressed as to whether this release would actually happen. Now it has happened, and we can all rejoice that human dignity and the rights of the individual are being respected. A new principle of humanity has been written into the hard rules of war. We have stood fast for the right, and it has prevailed.

Recognition is due to General Thimayya of India and his Swedish and Swiss colleagues for their personal contributions of patience and courage in a difficult task, and to the United Nations Command in Korea, headed by General Hull.

STATEMENT BY AMBASSADOR LODGE

Press release 33 dated January 22

The release of the prisoners makes clear the shining truth that man is entitled to freedom and will not be forced to return to the control of a regime repugnant to his natural desires for self-expression. This is a victory for freedom everywhere and gives hope to others less fortunate. It has been well worth the effort.

The significance of the United Nations position on this principle must have left its impression on the Communists and have further convinced others of the sincerity of our dedication to human liberty. Its meaning will not be overlooked in any future planning by those who may contemplate aggressive action. They will remember that freedom is the popular choice and the desire for freedom can overcome even the most intense indoctrination and brutal discipline.

The free world has a special right to feel happy about the return of these men. We have stood by a principle and won. We welcome to the free world the men who today have chosen the free way over tyranny and persecution!

STATEMENT BY AMBASSADOR WADSWORTH

U.S./U.N. press release dated January 22

Today some 22,000 Korean and Chinese prisoners of war have become free citizens of the free world. This act is a beacon of new hope to millions now living under Communist tyranny.

The prisoners who chose freedom have demon-

strated what the principle of nonforcible repatriation means in human terms. It is a doctrine of freedom. It is an international antislavery doctrine—shaped in United Nations debate, tempered on Korean battlefields, incorporated in the Korean Armistice Agreement, and proven now by the brave men who have turned their backs on communism forever.

The free world has battled for an important humanitarian principle and won. The prisoners who chose freedom over tyranny and persecution have earned the respect of every nation where the rights of man, not the powers of the state, are supreme. Their freedom today further discredits the false idea that man is a tool, a mere possession of the state. Dictators will remember that neither long detention, nor constant Communist threats, nor brutal discipline can crush the desire for freedom.

The free world has proven that it will not break faith with those who stand for freedom against slavery. It has remained true to the noble purposes for which free men sacrificed so much in Korea. Now, the United Nations has struck a historic blow for collective security and human freedom. It could not have done less.

GENERAL THIMAYYA'S LETTER OF JANUARY 18

To the Commander-in-Chief, United Nations Command.

I have the honor to refer to your letter of January 16.¹ In paragraph 7 of this letter you have said that in view of my "stated intention to release unilaterally the prisoners of war starting 20 January, the United Nations Command must necessarily be prepared to arrange for their accommodation and disposition." I feel that the request made in my letter of January 14² has been misunderstood by you. I am taking this opportunity to clarify the request and the reasons which have impelled me to make this request.

In my letter of January 14, I have pointed out that the NSRC has come to the decision that it has no competence, in existing circumstances, either to release POW's, or to declare relief from POW to civilian status, or to continue custody beyond January 23. In view of this decision, I, as Chairman and Executive Agent and having custody of POW's, have come to the conclusion that the only correct, lawful and peaceful course open is to restore POW's to the custody of the former detaining sides immediately prior to January 23. I am, therefore, requesting each detaining side to accept restoration of custody as from January 20 at 0900 hours.

¹ BULLETIN of Jan. 25, p. 115.

² *Ibid.*, p. 113.

I have stated in my letter that I am making this request as Chairman and Executive Agent as I can neither retain custody of Pow's, nor further implement the terms of reference nor release the Pow's. I have made it clear that it is not my intention to establish any alteration in the status of the Pow's or to effect their final disposition.

I have also stated in my letter that the NNRC, in pursuance of its functions and authority to interpret the terms of reference, is of the view that alteration of the status of Pow's either by declaration of civilian status or disposition in any other manner requires prior implementation of the procedures of explanation and political conference, unless the two commands agree on some alternative procedures or courses of action in regard to status and disposition. I have pointed out that in NNRC's view any unilateral action by either party concerned in regard to change of status or disposition will not be in conformity with the said terms of reference.

In requesting you to accept restoration of custody as from January 20, I venture again to express the confident hope that any further steps which might be taken by the two commands in relation to status and disposition of Pow's who will soon be restored to their custody will be inspired by an earnest desire to further the purposes of the armistice agreement.

K. S. THIMAYYA,
Lt. General,
Chairman, NNRC

GENERAL HULL'S LETTER OF JANUARY 19

Chairman, NNRC:

With reference to your letter of January 18, the views and intentions of the UNC were clearly stated in my letter to you of January 16, and remain unchanged.

The UNC will be prepared to process and dispose of the Pow's now in custody of the NNRC whether they leave the demilitarized zone on January 20 or immediately following the termination of NNRC custodial authority at 23rd, 12:01 A. M. In either case, on January 23, 12:01 A. M., the UNC in accordance with the agreement on Pow's will honor its obligation to treat them as fully entitled to their freedom as civilians.

You may be assured that the UNC, having negotiated the Armistice Agreement and terms of reference, is fully cognizant of the purpose and spirit of these documents and is deeply imbued with the most sincere desire to insure that their provisions are carried out. It is precisely for this reason we have so firmly maintained the position set forth in my letter of January 16.

J. E. HULL, Gen. USA,
Commander in Chief

Commercial Relations With Japan

Press release 22 dated January 19

The United States, 17 other contracting parties to the General Agreement on Tariffs and Trade, and Japan have accepted a declaration under which Japan on the one hand and the other countries on the other hand agree that the commercial relations between them will, pending the accession of Japan to the General Agreement or until June 30, 1955, be based upon that agreement. Under this arrangement Japan obtains all of the tariff concessions already made by contracting parties accepting the declaration, but the arrangement results in no new reductions or bindings of tariff treatment by the United States or the other contracting parties accepting the declaration. In return Japan has given to the United States and to the other countries accepting the declaration a commitment binding against increase approximately 85 to 90 percent of Japan's present tariff rates.

The declaration was drawn up at the eighth session of the Contracting Parties to the General Agreement following public notice in the United States by the Chairman of the Interdepartmental Committee on Trade Agreements.¹ In addition to the United States and Japan, the declaration has been accepted by Belgium, Burma, Ceylon, Denmark, Dominican Republic, Finland, Haiti, India, Italy, Luxembourg, Netherlands, Nicaragua, Norway, Pakistan, Sweden, Turkey, and Uruguay. It becomes effective between each country and Japan on the thirtieth day after acceptance by such country; the effective date between the United States and Japan was November 23, 1953. The declaration has also been signed *ad referendum* by Austria, Chile, and Germany.

In addition, the Contracting Parties to the General Agreement, acting jointly, by a decision of October 23, 1953, invited the Government of Japan to participate in their sessions and in subsidiary bodies established by them and agreed to accept any functions necessary for the operation of the above declaration.

The United States and 27 other contracting parties have also accepted a declaration agreeing not to invoke the provisions of article XXVIII of the General Agreement from January 1, 1954, to June 30, 1955. Article XXVIII permits the withdrawal or modification of concessions in the schedules to the agreement, by negotiation if possible but unilaterally if negotiations should be unsuccessful.

The signature of this declaration by the United

¹ For text of the public notice, see Department of State press release 460 dated Aug. 27, 1953 (not printed); for a statement by Assistant Secretary Waugh concerning Japan's application for association with GATT, and for a summary of the eighth session of the Contracting Parties, see BULLETIN of Oct. 12, 1953, p. 495, and Nov. 16, 1953, p. 677.

States in no way affects its rights to invoke the escape clause (art. XIX) or any other exception in the General Agreement. In addition to the United States, the other contracting parties accepting the article XXVIII declaration are Belgium, Burma, Canada, Ceylon, Chile, Cuba, Czechoslovakia, Denmark, Dominican Republic, Finland, France, Greece, Haiti, India, Indonesia, Italy, Luxembourg, Netherlands, New Zealand, Nicaragua, Pakistan, Southern Rhodesia, Sweden, Turkey, Union of South Africa, United Kingdom, and Uruguay. In addition, Austria, Germany, and Norway signed on an *ad referendum* basis, and the Australian Government has decided to authorize Australian signature of the declaration. Brazil and Peru, the two other contracting parties to the General Agreement, have not signed the declaration.

Although the article XXVIII declaration was accepted by Southern Rhodesia, the new Federal Government of Central Africa, composed of Southern Rhodesia, Northern Rhodesia, and Nyasaland, became a contracting party to the General Agreement on October 30, 1953, succeeding to the status of Southern Rhodesia as a contracting party and to the interests of Northern Rhodesia and Nyasaland to which the agreement had previously applied as areas for which the United Kingdom had international responsibility.

Following are texts of the decision and declarations:

Decision of 23 October 1953 Regarding the Participation of Japan in the Sessions of the Contracting Parties

CONSIDERING that:

(a) it has not been practicable for the Contracting Parties in present circumstances to proceed with the request made by the Government of Japan to accede to the General Agreement in accordance with the provisions of Article XXXIII,

(b) the Contracting Parties are desirous meanwhile of associating the Government of Japan with their discussions and deliberations,

(c) a number of contracting parties agree by a Declaration that, pending the accession of Japan following tariff negotiations, their commercial relations with that country shall be governed by the provisions of the General Agreement, and

(d) the said Declaration requests the Contracting Parties to perform certain functions comparable in nature to their functions under the General Agreement,

The Contracting Parties

Decide:
1. to invite the Government of Japan to participate in Sessions of the Contracting Parties and of subsidiary bodies established by the Contracting Parties,

2. to accept such functions as are necessary for the operation of the Declaration referred to in the preamble to this Decision, and

3. that this Decision shall take effect if approved by not less than two-thirds of the contracting parties and shall continue in effect until the accession of Japan following tariff negotiations with contracting parties or until 30 June 1955 unless it is agreed to extend it to a later date.

Declaration of 24 October 1953 Regulating the Commercial Relations Between Certain Contracting Parties to the General Agreement on Tariffs and Trade and Japan

CONSIDERING that:

(i) the Government of Japan on 18 July 1952 made a formal request to accede to the General Agreement in accordance with the provisions of Article XXXIII,

(ii) a condition precedent to proceeding with this application would be the holding of satisfactory tariff negotiations between the contracting parties and Japan,

(iii) it is not at present possible for arrangements to be made for such negotiations in the near future,

(iv) accordingly it is not possible for the Contracting Parties to proceed at this time with the application of the Government of Japan to accede,

(v) at the Seventh Session it had been recognized that Japan should take her rightful place in the community of trading nations,

(vi) the Government of Japan has so far been unilaterally granting in matters of trade, most-favoured-nation treatment to all contracting parties whether or not they accord most-favoured-nation treatment to Japan.

Those contracting parties to the General Agreement on Tariffs and Trade on behalf of which this Declaration has been accepted (hereinafter called "the participating contracting parties") and the Government of Japan

1. *Declare* that:

(a) pending the conclusion of tariff negotiations with Japan with a view to the accession of that country under the provisions of Article XXXIII, and without prejudice to the freedom of individual contracting parties on the question of such later accession, the commercial relations between the participating contracting parties and Japan shall be based upon the General Agreement as if the provisions of the arrangement for the application of the General Agreement to acceding governments, approved by the Contracting Parties on 23 October 1951 (Basic Instruments and Selected Documents, Volume I, pages 111 to 115), were embodied in this Declaration and as if the Schedule annexed to this Declaration were the schedule of an acceding government within the terms of the said arrangement;

(b) in view of the provisional nature of the status of the islands referred to in Article 3 of the Treaty of Peace with Japan, this Declaration shall not require any modification in the present arrangements for trade between Japan and such islands;

(c) the arrangements embodied in this Declaration shall not be applied after the accession of Japan to the General Agreement following tariff negotiations with contracting parties, or after 30 June 1955 unless it has been agreed to extend the validity of this Declaration to a later date;

(d) this Declaration shall become effective between Japan and any contracting party on the thirtieth day following the day upon which it will have been signed by Japan and accepted by that contracting party.

2. *Request* the Contracting Parties to perform such functions as are necessary for the operation of this Declaration.

3. This Declaration shall remain open for signature until 31 December 1953 by contracting parties and by Japan at the Headquarters of the Contracting Parties.

DONE at Geneva this twenty-fourth day of October, one thousand nine hundred and fifty-three, in a single copy in the English and French languages, both texts authentic except as regards the Schedule annexed hereto which appears and is authentic only in the English language.

Declaration of 24 October 1953 on the Continued Application of Schedules to the General Agreement on Tariffs and Trade

The contracting parties to the General Agreement on Tariffs and Trade (hereinafter referred to as "the General Agreement"),

CONSIDERING that, under the provisions of Article XXVIII (as amended), the assured life of the concessions embodied in the schedules annexed to the General Agreement will expire on 31 December 1953, in the sense that thereafter it will become possible for a contracting party by negotiation with other contracting parties to modify or cease to apply the treatment which it has agreed to accord under Article II to any products described in its schedule,

CONSIDERING that, although by the terms of the Agreement the schedules will retain their full validity notwithstanding the expiry of their assured life, the possibility of invocation by contracting parties of the procedure of Article XXVIII for modification of specific concessions would, in present circumstances, impair the stability of tariff rates which has been one of the principal achievements of the General Agreement, and

CONSIDERING FURTHER that it would be particularly undesirable to arrive at such a result at a time when a number of contracting parties are studying ways and means of making further progress in the reduction of tariffs and other barriers to trade and towards the achievement of the other objectives of the General Agreement,

Hereby declare that they will not invoke prior to 1 July 1955, the provisions of Article XXVIII, paragraph 1, of the General Agreement to modify or cease to apply the treatment which they have agreed to accord under Article II of the General Agreement to any product described in the appropriate schedule annexed to the General Agreement.

The provisions of this Declaration shall not apply to concessions initially negotiated with a government with respect to which this Declaration is not in effect.

The Declaration shall be open for signature at Geneva until 30 October 1953. It shall thereafter be deposited with the Secretary-General of the United Nations, who is authorized to register this Declaration in accordance with Article 102 of the Charter of the United Nations, and shall be open for signature at the Headquarters of the United Nations until 31 December 1953.

The Secretary-General of the United Nations shall promptly furnish a certified copy of this Declaration to each Member of the United Nations, to each other government which participated in the United Nations Conference on Trade and Employment, and to any other interested government.

IN WITNESS WHEREOF the respective representatives, duly authorized have signed the present Declaration.

DONE at Geneva, in a single copy, in the English and French languages, both texts authentic, this 24th day of October, one thousand nine hundred and fifty-three.

India To Receive 200,000 Tons of Steel

India's farm-equipment manufacturers, railways, and construction industries will be the principal consumers of 200,000 tons of steel being provided this year under the largest single Indo-

American project negotiated as part of the U.S. technical cooperation program for India, the Foreign Operations Administration announced on January 20.

The steel agreement, signed early this month in New Delhi by the Director of the United States Operations Mission and the Government of India, provides \$25.5 million in U.S. funds to finance the purchase of steel from free-world markets outside of India.

The Government of India will deposit the rupee equivalent of the controlled pool price of the steel in a development fund to be used for further projects under the Indo-American program. It will also meet ocean transportation and handling costs, estimated at the equivalent of \$3.15 million.

The production of food, which has a high priority in India's 5-year plan, has been held back by the shortage of steel and about 40,000 tons of steel imported under the agreement will be earmarked for agricultural and rural development uses. During the last 2 years, India has received \$16,885,000 to import iron and steel for making farm tools and implements as part of the food-production program.

The remainder of the 200,000 tons of steel will be allocated as follows: 23.5 percent to shipbuilding and repairs, hospital equipment, pipes, tubes, industrial machinery, and oil drums and containers; 43 percent to railway car building and other railway requirements; 8.5 percent to river valley projects; and 5 percent to small scale and cottage industries and the petroleum industry.

Although India's own steel industry is large, by Asian standards, output is less than half enough to meet the estimated annual demand. Normal annual production is about 1 million tons, and the annual need in 1954 is expected to reach 2.9 million.

Expansion of steel and pig iron production in India is included in the 5-year plan and work has already gotten underway.

Both the Tata Iron and Steel Company and Indian Iron and Steel Company are enlarging facilities, Tata meeting costs largely from its own reserve funds but with some Government assistance and Indian Iron and Steel with loans from the Government and the World Bank.

In addition, the Government of India signed an agreement in December with the German combine of Krupps and Demag to set up a third major steel operation. Designed to produce 500,000 tons of steel in the first phase, the plant will later be expanded into a million-ton unit. If the program is implemented according to schedule, the next 4 years will see a major addition to the industry.

Allocation of the imported supplies will be made by the Iron and Steel Controller. India has had steel controls in operation since World War II.

Export Licensing Changes

Certain combat vehicles, photographic and projection goods, and scientific, professional, and electrical apparatus, formerly among the items licensed for export by the Department of State, are now being licensed by the Bureau of Foreign Commerce, the U.S. Department of Commerce announced on January 5.

Owing to wider commercial application, these commodities are no longer regarded as arms, ammunition, or implements of war, Brc said. However, their strategic value requires continued export control.

Arms, ammunition, and implements of war, as defined in Presidential Proclamation 3038, dated November 18, 1953,¹ continue to be licensed by the Department of State.

The commodities added to Brc's Positive List, effective January 1, are new amphibian combat vehicles or carriers, not elsewhere classified under Schedule B, front and rear axle drive or multiple rear axle drive, except armored vehicles or carriers (Schedule B No. 791113); high-speed cameras, capable of recording at rates in excess of 250 frames per second (B No. 900238); parts, not elsewhere classified under Schedule B, specially fabricated for high-speed cameras capable of recording at rates in excess of 250 frames per second (B No. 900600); photo-theodolites, and specially fabricated parts, not elsewhere classified under Schedule B (B No. 916029); cathode-ray tubes, not elsewhere classified under Schedule B (B No. 707820); doppler equipment, and specially fabricated parts, not elsewhere classified under Schedule B (B No. 708410); and supersonic generators for operation at 17,000 cycles per second or over, and parts, not elsewhere classified under Schedule B (B No. 919080).

Exporters who wish to ship these commodities to any destination except Canada now are required to apply to Brc for validated licenses.

The following items also have been added to the Positive List and require validated licenses for shipment to all countries outside the Western Hemisphere: new amphibian combat vehicles or carriers, not elsewhere classified under Schedule B, single rear axle drive, except armored vehicles or carriers (Schedule B No. 791113); radiosondes (B No. 919010); television picture receiving tubes (cathode-ray) (B No. 707815); and telemetering equipment (B No. 708460).

Formerly cathode-ray tubes, except types P-1 and P-4, and military supersonic generators were licensed by the Department of State. Now all types are licensed by Brc.

Exporters now may ship 56 additional commodities to most countries without applying for

an individual export license, the Bureau of Foreign Commerce announced on January 14.

Items removed from Brc's Positive List include certain cotton and silk manufactures, rubber and manufactures, industrial chemicals and chemical specialties, medicinal and pharmaceutical preparations, railway transportation equipment, metal manufactures, zinc ore and concentrates, manganese and tungsten ores and concentrates, industrial machines and parts, and feathers.

Individual export licenses will continue to be required for shipments to Hong Kong, Macao, and the Soviet bloc. Shipments to other countries may be made under general license GRO without prior application to Brc.

Export controls over these items were relaxed because their retention on the Positive List is no longer required for security or supply reasons, Brc said.

Effective January 14, phosphorus oxychloride and phosphorus trichloride (Schedule B No. 839900) have been added to the Positive List and require validated licenses for shipment to any destination except Canada.

Iron and steel buildings, and other metal buildings, having a single unsupported span of more than 30 feet, suitable for portable aircraft hangars (B Nos. 618976 and 618977), also have been added to the Positive List and require validated licenses for shipment to all countries outside the Western Hemisphere.

Shipments to Hong Kong

Effective immediately, a large number of items have been added to the list of nonstrategic commodities which exporters may ship to Hong Kong without applying for individual licenses, the Bureau of Foreign Commerce, U.S. Department of Commerce, announced on January 15.

General license GHK, established October 22, 1953, authorizes exporters to ship specified commodities to Hong Kong without prior approval by Brc. This list has now been extended to include many additional commodities, among which are inedible animals and animal products; hard rubber goods; wool and wool manufactures; paper manufactures such as newsprint, tissue, and coarse paper; coal and related fuels, except coke; domestic cooking stoves and ranges; office machines and parts, including standard and portable typewriters; agricultural machines, implements, and parts; certain household and industrial insecticides; photographic and projection goods; and optical goods.

Brc said these relaxations could be made without jeopardizing the national security.

The complete list of commodities exportable under general license GHK, including the items added on January 15, with their Schedule B numbers, is published in Brc's Current Export Bulletin No. 722, dated January 14.

¹ BULLETIN of Dec. 7, 1953, p. 792.

Pakistan Eases Income Tax on Visiting Businessmen

Businessmen visiting Pakistan now are exempt from the Pakistan income tax if their stay does not exceed 90 days, the Bureau of Foreign Commerce, U.S. Department of Commerce, reported on January 12.

Previously businessmen, other than ordinary tourists, visiting Pakistan were subject to Pakistan income tax after 30 days' stay, if they acted in an advisory or any other capacity, even though they were paid no salary or received no other remuneration during their stay. Pakistan income tax is payable on income which accrues or is earned in Pakistan, whether or not it is received there.

This relaxation by the Government of Pakistan will help promote closer ties between U.S. and Pakistan business firms, Brc said, and is a firm indication that the Pakistan Government desires to eliminate administrative obstacles to dealings with foreign businessmen.

The Government of Pakistan now also exempts all visitors from obtaining income-tax clearance

certificates if they are able to show they have not spent more than 90 days in Pakistan during the current financial year (April-March).

Formerly the exemption applied only to persons leaving Pakistan within 30 days who had not spent more than a total of 60 days in that country during the financial year.

The income-tax exemption was made retroactive to April 1, 1953, making possible a refund to an employee of a New York firm in whose behalf the American Embassy at Karachi, at the request of the U.S. Department of Commerce, had made representations to the Pakistan Government. Similar cases are pending involving other American businessmen who have been assessed Pakistan income tax after visiting that country.

The Government of Pakistan now exempts:

Any income received by an employee of a foreign enterprise, not engaged in any trade or business in the taxable territories, as remuneration for services rendered by him during the course of his stay in the taxable territories, where such stay does not exceed in the aggregate a period of 90 days in any year and where such remuneration is not liable to be deducted from the income, profits, and gains chargeable under the Income-Tax Act, 1922.

Cooperation in U.S.-Cuban Industrial Relations

*By Arthur Gardner, Ambassador to Cuba*¹

It is a great pleasure for me to address a group of industrialists such as this because, as your president has said, we meet on a common ground of mutual understanding. The phrase "mutual understanding" has a familiar ring because it is the keynote of United States relations with the Latin American Republics.

As you know, I have been in your beautiful country a comparatively short time. I know something of your stirring history, and I am launched on the project of learning your language and the economic, social, and political story of Cuba.

I have been here long enough, however, to find ample grounds for agreeing with the findings of this group that greater diversification of industry is essential to Cuba's progress and economic well-being. Let me mention one very fine step in that direction—the cooperative Cuban-United States

development of kenaf fiber here under the point 4 program. While the growing of kenaf still is in the experimental stage, it holds wonderful promise. Before long it may provide employment for many thousands of Cubans in the long months between sugar harvests. It may make Cuba independent of far lands for sugar-sacking material. I feel that Cuba has a valuable product in kenaf.

There is no reason to dwell here on the very close historical and economic ties which we all know exist between my country and Cuba. We see this on all sides—in harmonious political relations, voluminous bilateral trade, cultural interchanges, and an astounding volume of tourist travel back and forth between our countries. We read it in cold statistics and we feel it, too, as mutually sympathetic brothers in the family of free nations. Somehow we seem to *think* alike and *act* alike, and this is particularly vital today in the face of a world crisis.

The world has seen the enormous burden that

¹Address made before the National Association of Manufacturers of Cuba at Habana on Jan. 4.

the United States has assumed in the defense of democracy, not only in this hemisphere but in Asia and Europe as well. Some say that the United States has not paid enough attention to Latin America. It is only fair to point out in this regard that most of the burdens we have shouldered are as vital to Latin America as they are to the United States. In resisting aggressions upon the free world, we have set up bulwarks against aggression not only for ourselves but for the entire hemisphere. By providing economic assistance to nations in other parts of the world we have helped to open up markets for the products of Latin America. At the same time, we are continuing to provide economic aid in this hemisphere where it is most needed.

Perhaps no nation of the Americas has had more evidence than Cuba of the way this policy has helped open up markets for its products. The benefits have been felt throughout this hemisphere.

The United States is profoundly interested, particularly at this time, in higher standards of living for its sister republics, and also in their national development and in their solidarity against communism. I believe that good men throughout this hemisphere will agree that the goals of the United States and of Latin America are essentially the same.

I can tell you that the people of my country, of all economic groups, are making great personal sacrifices, in the form of taxes, to help build a better world. The entire system of defense of the free world against Communist imperialism depends upon our economic, political, and military cooperation. There can be no question but that the defense of the free world depends in large degree on the fundamental soundness of the United States economy.

Foreign Investment Capital

Let me speak for just a moment about foreign investment capital. Latin America is undergoing terrific industrial growth, and there is great faith and optimism in the future. Milton Eisenhower called it "a continent in transition," practically vibrating from the hammers of construction. Yet the President's brother found a crying need for more capital to promote sound economic development. This capital should, of course, come primarily from local investors, but foreign private capital has to play an important complementary role.

United States private investment in Latin America is very substantial—six billion dollars. Latin America is second only to Canada in the entire world in the amount of United States private investment.

Private capital flows to foreign countries whenever there are opportunities for it. Private capital must be attracted. And to be attracted there must be adequate opportunities for fair profit, reasonable provisions for the transfer of earnings,

equitable labor and management laws, and freedom from fear of discrimination or expropriation. It should not be overlooked that there still is broad investment opportunity at home for our own capital. It does not have to go abroad unless it is wanted and is sure of fair treatment. I know that you businessmen, who fully realize that Cuba offers new frontiers to foreign investment, will agree with this.

Far more than most people realize, the United States well knows the value of foreign capital. It was foreign capital which helped build the vast railroad networks, the packing plants, the steel mills, and hundreds of other industries in my country. In nearly every case the investor was rewarded with a more than fair return. And most important, there were no restrictions against remitting earnings abroad. Eventually the young American nation developed its own capital, bought out the original foreign owners, and launched itself on a period of great prosperity, a period which has never stopped. The free enterprise system has proved itself the most successful ever known in history, providing not only profits for the industrialist but a higher standard of living stemming from broader employment and fuller lives for the worker.

Labor-Management Relations

No discussion on an economic theme, however brief, can avoid reference to the complicated problem of labor-management relations. I believe that nowhere can we find a better definition of what they should be than that given in a recent speech by Benjamin F. Fairless, chairman of the board of the United States Steel Corporation. He said:

To live better we must produce more; but production is the result of teamwork, not of conflict. We shall achieve our fullest measure of production only when we begin to understand that the interests of worker and owner are not antagonistic, but identical—that under our American system of competitive enterprise, it is impossible over a period of time for one to prosper while the other suffers.

I am deeply appreciative of the opportunity to appear before you tonight, and profoundly touched by the personal tribute you have paid me.

And as we round the corner together into 1954, my deep and abiding wish is prosperity and happiness for Cuba and her people.

Trading in German Securities

The following was released to the press on January 11 by the Securities and Exchange Commission:

On December 8, 1941, following the attack on Pearl Harbor, the national securities exchanges suspended dealings in securities of German, Italian, Japanese, and other Axis origin, and the Securities and Exchange Commission, having con-

sulted with the State and Treasury Departments, requested the cooperation of brokers and dealers in refraining from effecting transactions in all securities of such origins. Trading was restored in Italian securities in December 1947 and in Japanese securities in November 1950.

In March 1951, following the announcement by the Government of the Federal Republic of Germany (West Germany) of its recognition of pre-war external debts of the German Reich, the Commission, having consulted with the Department of State, advised that it did not intend to withdraw its request that brokers and dealers refrain from effecting transactions in German securities until full assurances could be given to investors, through validation proceedings, that only securities which constitute "good delivery" would be afforded a market in the United States. This action was necessary because of the large volume of German securities, particularly foreign currency bonds, reacquired by the Germans and held in negotiable form in Berlin, which were lost or looted after the occupation of Berlin in 1945 by the Soviet armed forces. In September 1952 and April 1953 the Commission again requested brokers and dealers to refrain from effecting transactions in German securities pending the establishment of appropriate validation procedures.

The Federal Republic of Germany has enacted legislation requiring the validation of foreign currency bonds and certain internal securities, and procedures for validation have been or are being established.¹ The Agreement on German External Debts signed in London on February 27, 1953, provided that the Federal Republic would permit the settlement of certain debts, including German foreign currency securities, and would provide the necessary foreign exchange to permit payments on debts which are settled. Validation is a necessary step before a bondholder may participate in a settlement which may be offered pursuant to the agreement of February 27, 1953. An exchange offer has been made by the Federal Republic with respect to certain issues of the German Reich and the Free State of Prussia and an issue of the Conversion Office for German Foreign Debts. It is understood that further exchange offers are being negotiated.

Negotiations in the case of dollar bonds issued or guaranteed by West German states or municipalities are being conducted by the Foreign Bondholders Protective Council, Inc., 90 Broad Street, New York 4, N. Y., and negotiations in the case of other German dollar bonds are being conducted by the United States Committee for German Corporate Dollar Bonds, 910 17th Street, N.W., Washington 6, D.C. Inquiries concerning these matters should be addressed to the Foreign Bondholders Protective Council or to the Committee for Ger-

man Corporate Dollar Bonds, whichever is appropriate.

The procedures for validation are not identical for all securities. Under an agreement dated February 27, 1953,² entered into between the United States Government and the Federal Republic of Germany, a joint German and American Board has been established in this country to validate German dollar bonds, and registration of such securities for validation began in September 1953. In addition, under the provisions of a treaty between the Federal Republic and the United States signed on April 1, 1953,³ no German dollar bond subject to the validation laws of the Federal Republic is enforceable unless and until it has been validated.

In addition to the problem of validation, the Commission has been concerned with obtaining for investors recent information about the various issuers of German dollar securities. Such information is considered desirable in connection with the resumption of trading in such securities. In November 1952 the Commission initiated steps through the Government of the Federal Republic looking to the furnishing of current information by the German issuers. Such information about the Federal Republic is now available in a circular dated October 6, 1953, which relates to the exchange offer which it is now making. Copies of the circular may be obtained from the exchange agents: J. P. Morgan & Co., Incorporated, 23 Wall Street, New York 8, N. Y., and Dillon, Read & Co., 48 Wall Street, New York 5, N. Y. Since information about the other German issuers had not been furnished, the Commission in November 1953, after consultation with the Department of State, sent direct requests to 63 issuers of German dollar obligations and again requested the assistance of the Government of the Federal Republic. As a result of such efforts, 13 German issuers⁴ have transmitted to the Commission copies (in the German language) of their annual reports, but the remaining 50 issuers have so far failed to send information. The annual reports on hand are available for public inspection in the Commission's Washington office and, where sufficient copies have been received, are also available for public inspec-

¹ *Ibid.*, Mar. 9, 1953, p. 376.

² *Ibid.*, May 4, 1953, p. 666.

³ City of Cologne; city of Frankfurt on the Main; city of Munich; Dortmunder Stadtwerke A.G. (Dortmund Municipal Utilities); Electrowerke A.G. zu Berlin (Electric Power Corporation of Berlin); Energie-Versorgung Schwaben A.G. (Consolidated Hydro-Electric Works of Upper Württemberg); Feldmühle Papier & Zellstoffwerke, A.G. (Feldmühle Paper & Cellulose Works Corp.); Hamburger Hoehbahn A.G. (Hamburg Elevated, Underground, & Street Railways Co.); Hamburgische Electricitäts-Werke A.G. (Hamburg Electric Company and Unterelbe Power & Light Co.); Rudolph Karstadt A.G.; Rhein-Main-Donau A.G. (Rhine-Main-Danube Corporation); Energie-Versorgung Ostbayern A.G. (Oberpfalz Electric Power Corporation); Harpener Bergbau A.G. (Harpener Mining Corp.).

⁴ For information on the validation of German bonds, see BULLETIN of Oct. 20, 1952, p. 608, and Apr. 20, 1953, p. 569.

tion at the Commission's regional offices in New York, Chicago, and San Francisco.

On November 20, 1953, the Securities and Exchange Commission announced that it had under consideration a proposal to adopt a rule under section 15 (c) (2) of the Securities Exchange Act of 1934 to prohibit brokers and dealers from trading in the over-the-counter market in German securities which are required to be and have not been validated pursuant to the validation laws of the Federal Republic of Germany. The Commission has considered all of the comments and suggestions received and has adopted Rule X-15C2-3 in the form stated below.

This new rule makes it a "fraudulent, deceptive, or manipulative act or practice," as used in section 15 (c) (2) of the act, for any broker or dealer to effect any transaction in, or to induce the purchase or sale of, any German security required to be validated under applicable validation laws of the Federal Republic of Germany unless it has been duly validated. If such security is a dollar security, it must have attached to it a document of the Validation Board for German Dollar Bonds certifying to the validation of such security. The Commission has been informed by representatives of the various exchanges upon which German securities have been traded that securities which have not been validated will not be considered "good delivery" against sales made on these exchanges.

The Commission has been informed that, where the authenticity of an outstanding dollar security has been established, the Validation Board will attach to each such dollar security a document certifying to its validation. Consequently, Rule X-15C2-3 provides that a German dollar security required to be validated cannot be traded unless this document is attached to it. Since the Commission has no assurance that a validated security other than a dollar security will have any document certifying to its validation attached to it, a broker or dealer proposing to effect a transaction in such a security will have to be certain that it has been duly validated; if he should effect a transaction in a security not validated as required he would be violating Rule X-15C2-3 if the mails or other jurisdictional elements are involved.

Persons wishing information regarding the validation of German dollar securities should communicate with the Validation Board for German Dollar Bonds, 30 Broad Street, New York 4, N.Y. Information concerning the validation of securities other than dollar securities may be obtained from the Foreign Representative of the German Federal Republic, 30 Broad Street, N.Y. 4, N.Y.

In view of the above, the Commission feels that it is appropriate to withdraw its request that brokers and dealers refrain from effecting transactions in West German securities to the extent that such trading is not prohibited under the provisions of its new Rule X-15C2-3. The Commis-

sion's action, of course, should not be construed to mean that it has in any way passed upon the merits of any of the securities which are permitted to be traded.

The Commission has no information when validation procedures will be established for dollar securities of issuers in that part of Germany under the control of the Soviet or Polish Governments. Therefore, the Commission, after consultation with the Department of State, requests that brokers and dealers continue to abstain from any activities which would tend to create a public market in these securities. While the Commission has been advised that negotiations are under way to establish validation procedures for Austrian dollar securities, the Commission requests that the securities industry also refrain from trading these securities until further notice after the establishment of validation procedures. The Commission is not in possession of any information which it feels would justify it in withdrawing its earlier request that brokers and dealers refrain from trading in securities issued by Bulgaria, Hungary, and Rumania and by issuers in any of these countries.

Statutory Basis

Rule X-15C2-3 is adopted pursuant to the provisions of the Securities Exchange Act of 1934, particularly sections 15 (c) (2) and 23 (a) thereof, the Commission deeming such action necessary and appropriate in the public interest and for the protection of investors and necessary for the execution of the functions vested in it under the act. In accordance with the provisions of section 4 (c) of the Administrative Procedure Act, the Commission finds that there is good cause for making this rule effective before the expiration of 30 days after its publication because brokers and dealers subject to the rule have been refraining from effecting transactions in the securities covered by the rule at the request of the Commission, and it is necessary in the public interest and for the protection of investors that the rule be made effective before the expiration of said 30-day period.

Text of Rule

Rule X-15C2-3—Prohibiting Trading in German Securities Unless Validated

The term "fraudulent, deceptive, or manipulative act or practice", as used in Section 15 (c) (2) of the act, is hereby defined to include any act of any broker or dealer designed to effect any transaction in, or to induce or attempt to induce the purchase or sale of, any security required to be validated under any applicable validation law of the Federal Republic of Germany unless (a) such security has been duly validated, and (b) if such security is a dollar security, there is attached a document of the Validation Board for German Dollar Bonds certifying to the validation of such security.

The foregoing shall become effective January 12, 1954.

By the Commission.

ORVAL L. DUBOIS
Secretary

Visit of Turkish President

Press Conference Statement by Secretary Dulles

Press release 23 dated January 19

We here in Washington look forward very eagerly to the visit of the President of Turkey.¹ It is a matter of great personal regret to me that I shall not be present to join in the reception of him. I had planned a dinner in his honor, which will be held in my place by the Acting Secretary of State.

Turkey is an ally which has shown its worth in many respects. It has shown its understanding of the problems of our times to a remarkable degree, and I am confident that the American people will all want to express their recognition to the President of Turkey, who stands for a people whom we respect and admire and whom we count upon as firm allies.

Secretary's Letter to Turkish Ambassador

Press release 29 dated January 19

Following is the text of a letter from Secretary Dulles to His Excellency Feridun C. Erkin, Ambassador of Turkey:

JANUARY 19, 1954

DEAR MR. AMBASSADOR: Before I leave for Berlin to attend the Foreign Ministers Conference, I should like you to know how much I regret the fact that I will not be here to welcome the President of your country when he comes to Washington next week. I had been looking forward to receiving him, and it is a great disappointment to me that this will not be possible.

Please express to President Bayar my best wishes for an enjoyable visit during his stay in the United States.

Sincerely yours,

JOHN FOSTER DULLES

His Excellency

FERIDUN C. ERKIN,

Ambassador of Turkey.

Increasing International Understanding Through Educational Exchange

by Russell L. Riley

*Director, International Educational Exchange Service*²

The interest of your group in international relations is a clear indication that you are among the many, many Americans who know that our position of leadership in the world today places very heavy responsibilities upon us as citizens. You also know that we can discharge these responsibilities only by getting to know the people and the problems of other countries and getting them to know and understand us. Obviously, that is a big order, and we must use every means at our disposal to try to bring this better understanding about.

One reason why I am glad to talk about the work of the International Educational Exchange Program of the State Department is that it rep-

resents one way of bringing about better understanding. I think that the direct person-to-person approach which it affords can make a very significant contribution to our mutual goals. I believe that the average American has enough faith in our democratic system to realize that, if the people of other countries have a chance to see us as we are, in our daily life and in our jobs, they will become reliable interpreters of this country to their fellow citizens. In this way we can build up a climate of public opinion overseas in which our actions, our motives, and our policies can be correctly interpreted.

The exchange program of this Government had its beginnings with the Good Neighbor Policy with the other American republics in this hemisphere. After World War II the importance of this form of communication on a worldwide basis was recognized by the Congress through the passage of such laws as the Fulbright Act, the Smith-Mundt Act,

¹For announcement of President Bayar's visit, see BULLETIN of Jan. 4, 1954, p. 24.

²Excerpts from an address made on Jan. 8 before the Women's Club of Loudoun County, Va.

and a number of other pieces of special legislation. Under this legislation we are now conducting exchanges of about 8,000 people a year with over 70 countries of the free world.

Let me tell you a bit about who these 8,000 people are and what it is they do.

Two-thirds are carefully selected people from other countries who are studying, teaching in our schools and colleges, lecturing, or carrying on specialized research. They are young people like the deputy chief of the Legislative Reference Service of the Government of India who has this year completed work on his Ph. D. in the field of public administration at American University; or the official of the bank of Thailand who is studying economics at the Wharton School of Finance in Philadelphia; or the head of a reformatory in Egypt who is studying juvenile delinquency for a year at the University of Minnesota. Three-fourths of these foreign students are, as the above examples indicate, not students in their home country, but already embarked on professional careers.

We also bring elementary and secondary school-teachers to this country. Some of them, especially from the English speaking countries, swap jobs with their American counterparts in our public schools. Others, like the instructor and curriculum planner for a number of rural schools in Cuba, come to observe our educational methods, in this case our methods of teaching vocational education. Still others, like the head of the Physics Department at the University of Oslo in Norway, are lecturing in our colleges or are carrying on advanced research in a great variety of fields, important among which are the medical sciences and American literature and history.

Another group of people whom we bring from overseas are the present leaders of thought and opinion in these countries—outstanding newsmen, government officials, members of national legislatures, and people with wide influence in labor, business, and social and community welfare. It might interest you to know, for example, that 71 of the present members of the German parliament came to the United States under our program in the last few years. Because of their positions, most of these people can come for only a short time, usually about 3 months, and they spend this time establishing contacts with their American coworkers and observing recent developments in various parts of the United States. To give you a few examples of who these people are, let me cite some who are in this country right now: a member of Parliament from England; three labor leaders from Finland; the political editor of a newspaper in Düsseldorf, Germany; the director of what might be the counterpart of our Farm and Home Hour on the Japanese radio; and the chief labor officer in the Ministry of Labor of the Gold Coast Government.

One of our projects for foreign newsmen is of

particular interest. In 1946, the Virginia Press Association decided to bring two French newspapermen to the United States as its guests for 3 months. The association worked out the details of this project with the State Department, and our mission in France helped find two suitable candidates. The expenses of their trip were shared by the Virginia Press Association and the French newspapers from which the journalists came. During their 3 months' stay in Virginia, the two French newsmen accompanied members of the newspaper staff on their regular assignments, became thoroughly familiar with desk and editorial procedures, lived most of the time in the homes of fellow journalists, and participated fully in the life of the community.

During all this time they were writing articles about their experiences for their newspapers in France. Following this pattern, we are now bringing about 18 journalists a year from different countries. We pay their travel and the newspaper on which they work pays their expenses while they are in the United States. One of the most successful of these trips was an arrangement under which Ronald McKie of the Sydney *Daily Telegraph* in Australia spent 3 months with the *Winston-Salem Journal and Twin City Sentinel*. McKie's articles appearing in the *Journal-Sentinel*, touching as they did on every aspect of American life from the cleanliness of our restaurants to the nature of our political campaigns, became the subject of frequent letters to the editor. Some of the more cynical writers indicated a strong belief that McKie existed only as a creature of the editor's warped imagination and that this was merely a clever device whereby the *Journal-Sentinel* could give vent to some unorthodox views about the life of the community without becoming the target of brickbats and Mason jars thrown by disgruntled readers.³

Americans Abroad

The other one-third of our 8,000 exchangees are outstanding Americans who go abroad for purposes similar to those of their foreign counterparts. These representative Americans come from all 48 of our States. Through their professional activities and their informal contacts, they are able to demonstrate and share our American achievements and give firsthand information about our country. They bring back and put to use the knowledge of foreign cultures, achievements, and problems acquired during their visit overseas.

One of the fundamental concepts of the exchange program and one which I think contributes immeasurably to its effectiveness is the fact that it is a truly cooperative undertaking. In many

³ For an article on Mr. McKie's experiences in Winston-Salem, see *Pield Reporter*, May-June 1953 (Department of State publication 5028), p. 14.

countries overseas we have binational commissions which play an important role in planning suitable programs for each country, in selecting participants, and in looking after our grantees while they are abroad. The participation of leading foreign nationals and prominent American businessmen and educators on these commissions gives great prestige to the program and gains a ready acceptance for the Americans going to these countries.

In this country the program is run in typical American fashion—as a partnership between the Government and private enterprise. We could not run this program effectively for a week without the cooperation of American organizations and individuals all over the United States. Universities and colleges and private organizations in this country contribute direct financial support to this program by giving scholarships to some of the foreign students for whom we pay round trip travel, or by offering stipends to foreign lecturers and researchers. In the teacher-exchange program the schools maintain the teachers' salaries while they are abroad, and the overseas schools pay their teachers who are in this country.

A number of private organizations in this country provide services for the exchange program under contractual arrangements with the Department of State. These services include primary selection of candidates, placement of foreign candidates, and supervision of some of the exchangees. Still others help in planning suitable itineraries and professional contacts for our foreign leaders. And some groups are under contract to us to make studies which will help us to measure the effectiveness of the program and improve its operation.

Individual Contributions

Perhaps the largest single service provided by voluntary groups in this country is the offering of professional guidance and hospitality to our foreign guests. There are at present about 1,000 advisers on college campuses who help foreign students with their problems and an equal number of advisers who help Americans who want to apply for scholarships. It is almost impossible to measure the dollars and cents value of these services, but its importance can be realized if you will remember that it is you, the citizens of this country, who are the interpreters of America. The picture which any one of our foreign visitors gets of this country is the sum total of his experiences with individual Americans. We want not only to share with him our rich educational resources and our skills, but to give him some insight into the kind of society we have developed in this country which makes these resources and skills available to the majority of people. One of the best ways to do this is to share our daily life with him so that from visiting and talking with individual Americans in their homes, on their farms, in their businesses, churches and community groups, he can under-

stand the real values of democracy for the average American.

We in the Educational Exchange Service offer, on the other hand, various kinds of help to private groups and individuals in the United States who have exchange projects of their own, so that their exchange efforts can contribute more effectively to the national interest. The help which we can give takes a great variety of forms. Sometimes it may mean guidance to groups who are planning exchange projects, or arranging predeparture briefing for Americans visiting sensitive world areas, or arranging with our posts overseas to facilitate tours for American groups or individuals.

Accomplishments of the Program

At this point it seems reasonable to ask just what these exchanges are accomplishing. In the first place they are removing false ideas about the United States and replacing such ideas with more accurate information about us. A young German who landed on our shores with some very harsh criticisms of U.S. fraternities as a breeding ground for self-styled snobs commented after he had been here for a year:

I do not think that I have been assimilated here, that I have been "Americanized" to any great extent, but I have found in Sigma Chi a common meeting ground where I can be a close friend to Americans and still be a good German. That may not sound too extraordinary, but imagine this concept really being applied on a large scale in international relations.

One of the newsmen from the NATO countries who came here to see our defense efforts had this to say about us:

We have been taught that Americans think only of making money, but I found them real human beings with a warm feeling for problems in other countries.

In still another field, our assistance in arranging concerts for the St. Cecilia Choir of Boston which went to Europe under private auspices paid dividends in the following notice in a French newspaper:

We have always known that the Americans make good machines, but concerts like this one are convincing us that they also possess a fully developed culture about which we know extremely little.

The program is also strengthening our ties with the free world by sharing our knowledge and building up skills which are of mutual benefit to the United States and other countries. A woman from the Philippines who studied social work in the United States has succeeded in establishing an institute of technology in Mindanao modeled very much after the idea of Berea College in Kentucky where the system of providing students with an opportunity to earn their education impressed this visitor as being adaptable to the needs of her own people. A German county official who came to

this country last year has been introducing a number of new ideas since his return home, including citizenship training as part of the curriculum of a newly constructed agricultural school and a wholly revolutionary idea of inserting in the county newspaper at the end of the fiscal year a report showing the county's income and expenditures.

These ties with the free world are also being strengthened by building lasting contacts with the United States. In 35 countries there are alumni associations which bring together students and others who have studied in the United States. On an individual basis the following examples come to mind: An Indian who studied industrial relations in the United States has been solely responsible for organizing the Division of Industrial Relations in the Tata Institute in Bombay. He distributes pamphlets for the American Federation of Labor and cooperates with their local representatives as well as with representatives of American business firms in Bombay. A leading dental surgeon in Indochina organizes showings of U.S. Information Service films in his spare time and uses our materials for feature articles and pamphlets. He has kept up his membership in the American Dental Association and has organized a Vietnamese Dental Association as well as a free medical and dental clinic where American methods are introduced.

The exchange experience is also making clear the essential difference between the democratic way of life and that of the totalitarian regimes, and in this way strengthening the resistance of the people of these countries to aggressive communism. As one European specialist said:

I had always been afraid of Russian imperialism. Not until I visited your country did I learn to believe in the United States as a supporter of all the good and culture supporting ideas. If you invite people from other countries to visit the U. S. A., you can make your passive friend your active ally.

A Japanese legislator told of his understanding in this way:

I realized from this trip that the essential difference and disagreement between Communist Russia and the United States is that the former represents a way of life by compulsion and the latter represents a way of life which is based on and derives its strength from voluntary processes. The American way is just and proper for human society.

And lastly, exchanges are increasing our understanding of other countries. We learn about other countries from firsthand contact with the citizens who come to this country and through the experiences of every American grantee who goes abroad. It is significant to note that about 30 percent of the Americans who go abroad each year are working in some branch of the social sciences. Their jobs, therefore, bring them very closely into contact with the workings of cultures other than our own. A number of these people are working directly with the area studies programs of several

of our large universities, and their overseas assignments are proving of tremendous value to the carrying out of these projects.

These are a few of the things that are resulting from the firsthand experiences with America and Americans which the exchange program affords. Any endeavor which deals with people as this one has its quota of problems and its occasional failures. However, our work in this field over the past 10 to 15 years has given us a fund of useful experience on which we are constantly building. There are two important ways in which all of you can help: First, by seeing that able and well-qualified Americans know about the opportunities offered under this program so that we can constantly improve the caliber of our American grantees. And second, by helping any foreign visitor who may come to your community to get as clear and well-balanced a picture of us as you can possibly give him. In this way we will build up a constantly increasing stream of eyewitnesses who can, in the words of the President, "submit evidence to peoples of other nations . . . that the objectives and policies of the United States are in harmony with and will advance their legitimate aspirations for freedom, progress and peace."

Fisheries Commission Meeting

Press release 25 dated January 20

The first meeting of the International North Pacific Fisheries Commission is to be held at Washington, D. C., beginning on February 1. The Government of the United States will be host.

The establishment of the International North Pacific Fisheries Commission is provided for in the International Convention for the High Seas Fisheries of the North Pacific Ocean which was signed at Tokyo on May 9, 1952, on behalf of Canada, Japan, and the United States, and came into effect on June 12, 1953, upon the exchange of ratifications by the three Governments at Tokyo. The treaty was ratified by the President of the United States on July 30, 1952, with the advice and consent of the Senate, given July 4, 1952.

The participants in the conference will be the Governments of Canada, Japan, and the United States. Invitations to send an observer have been extended to the Food and Agriculture Organization of the United Nations, the International Pacific Halibut Commission, the International Pacific Salmon Fisheries Commission, the International Commission for the Northwest Atlantic Fisheries, and the Inter-American Tropical Tuna Commission.

The purposes of the conference will be to decide matters of organization, to prepare coordinated programs of research on stocks of fish that are of common concern to the three countries, and, generally, to carry out the commitments of the convention.

INTERNATIONAL ORGANIZATIONS AND CONFERENCES

Calendar of Meetings¹

Adjourned during January 1954

International Legal Conference of Asian Countries	New Delhi	Dec. 28-Jan. 2
UN Subcommission for Prevention of Discrimination and Protection of Minorities	New York	Jan. 4-29
WHO Executive Board and Committee on Administration and Finance: 13th Meeting	Geneva	Jan. 12-30
World Coffee Congress and International Coffee Culture Exposition	Curitiba	Jan. 14-22
WMO Regional Association for Southwest Pacific: 1st Session	Melbourne	Jan. 19-30
UN ECAFE Inland Transport Committee: 3d Session	Kandy (Ceylon)	Jan. 20-25
Meeting of Experts To Consider a Draft of a Proposed Phyto-Sanitary Convention for Southeast Asia	Singapore	Jan. 25-30*

In Session as of January 31, 1954

UN Petitions Committee (Trusteeship Council)	New York	Jan. 12-
International Exhibition on Low-Cost Housing	New Delhi	Jan. 20-
Seminar on Housing and Community Improvement	New Delhi	Jan. 21-
FAO Indo-Pacific Fisheries Council: 5th Session	Bangkok	Jan. 22-
Meeting of the Four Foreign Ministers	Berlin	Jan. 25-
UN ECAFE Committee on Industry and Trade: 6th Session	Kandy	Jan. 26-
UN Trusteeship Council: 13th Session	New York	Jan. 28-

Scheduled February 1-April 30, 1954

First Meeting of the International North Pacific Fisheries Commission	Washington	Feb. 1-
ICAO Council: 21st Session	Montreal	Feb. 2-
UN Economic Commission for Latin America (ECLA): Committee of the Whole	Santiago	Feb. 8-
UN Economic Commission for Asia and the Far East (ECAFE): 10th Session	Kandy	Feb. 8-
UN Technical Assistance Committee Working Party	New York	Feb. 8-
ICAO North Atlantic Ocean Weather Stations Conference	Paris	Feb. 9-
UN General Assembly: Eighth Session, 2d Part	New York	Feb. 9*-
First International Film Festival of Brazil	São Paulo	Feb. 12-
ILO Inland Transport Committee: 5th Session	Geneva	Feb. 15-
Tenth International Exhibition of Sports Motion Pictures	Rome	Feb. 15
UN Human Rights Commission: 10th Session	New York	Feb. 23-
UN Committee on Non-Governmental Organizations	New York	Feb. 23-
FAO Committee on Commodity Problems, Working Party of Experts	Washington	Feb. 23-
UN High Commissioner's Advisory Committee on Refugees	Geneva	Feb. 25-
ILO Governing Body: 124th Session	Geneva	Feb. 27-
Tenth Inter-American Conference	Caracas	Mar. 1-
UN Children's Fund (UNICEF): Executive Board and Program Committee	New York	Mar. 1-
UN ECAFE Third Regional Meeting of Statisticians	New Delhi	Mar. 1-
UN Technical Assistance Committee	New York	Mar. 8*-
ICAO Communications Division: 5th Session	Montreal	Mar. 9-
UN Economic Commission for Europe (ECE): 9th Session of the Commission	Geneva	Mar. 9-
UNESCO Executive Board: 37th Session	Paris	Mar. 10-
Western Hemisphere Television Demonstrations (and Frequency Sharing Conference)	New York and Washington	Mar. 15-
UN Commission on the Status of Women: 8th Session	New York	Mar. 22-
WMO Eastern Caribbean Hurricane Committee of Regional Association IV (North and Central America)	Trinidad	Mar. 24-

¹ Prepared in the Division of International Conferences Jan. 21, 1954. Asterisks indicate tentative dates. Following is a list of abbreviations:

WHO—World Health Organization; WMO—World Meteorological Organization; ECAFE—Economic Commission for Asia and the Far East; FAO—Food and Agriculture Organization; ECLA—Economic Commission for Latin America; PASO—Pan American Sanitary Organization; ICAO—International Civil Aviation Organization; ILO—International Labor Organization; ECOSOC—Economic and Social Council; ICEM—Intergovernmental Committee for European Migration; UNESCO—United Nations Educational, Scientific and Cultural Organization.

Calendar of Meetings—Continued

Scheduled February 1–April 30, 1954—Continued

ILO Salaried Employees and Professional Workers Committee: 3d Session.	Geneva	Mar. 29–
UN Economic and Social Council (Ecosoc): 17th Session	New York	Mar. 30–
Fourth International Congress of Prehistoric and Protohistoric Sciences.	Madrid	Apr. 2–
UN Statistical Commission: 8th Session	Geneva	Apr. 5–
Caribbean Trade Promotion Conference	Trinidad	Apr. 6–
Joint ILO/WHO Committee on Hygiene of Seafarers: 2d Session	Geneva	Apr. 9–
Second Congress of the International Irrigation and Drainage Commission.	Algiers	Apr. 12–
International Trade Fair of Milan	Milan	Apr. 12–
UN Narcotic Drugs Commission: 9th Session	New York	Apr. 19–
ICEM Seventh Session of Committee	Geneva	Apr. 20–
UN ECE Second East-West Trade Consultation	Geneva	Apr. 20–
ICAO Conference on Coordination of European Air Transport	Strasbourg	Apr. 21–
Fourteenth International Congress of Military Medicine and Pharmacy.	Buenos Aires	Apr. 21–
UNESCO Intergovernmental Conference on the Protection of Cultural Property in the Event of Armed Conflict.	The Hague	Apr. 21–
NATO Ministerial Meeting of North Atlantic Council	Paris	Apr.–
Paso Executive Committee: 22d Meeting	Washington	Apr.–
South Pacific Commission: 13th Session	Nouméa	Apr.*–

VIII Pan American Railway Congress

In his report to the President on United States–Latin American relations,¹ Special Ambassador Milton S. Eisenhower noted that “Next to an increase in agricultural production, development of transportation is the paramount need in most of the Latin American countries.” An important contribution to the advancement of transportation efficiency and technical knowledge in Latin America was the VIII Pan American Railway Congress held at Washington and Atlantic City, June 12–25, 1953, under the auspices of the Pan American Railway Congress Association. This Association has for many years had as its primary concern the establishment and development of more extensive and more efficient railroad facilities in the Americas, along with the promotion of international arrangements to facilitate communication and travel among the nations of the Americas.

The Pan American Railway Congress Association began its work in this field as the South American Railway Congress of 1907 in connection with the celebration of the 50th anniversary of the first railway built in Argentina. The first

formal meeting of the organization was held in 1910 at Buenos Aires. Other meetings followed at Rio de Janeiro in 1922, Santiago in 1929, and Bogotá in 1941, when the name was changed to the Pan American Railway Congress Association, and invitations to join were extended to countries of Central and North America. Following World War II, congresses were held at Montevideo in 1946, Habana in 1948, and Mexico City in 1950. Through these successive meetings, the Association developed into a well-established international organization, with rights of membership extended not only to all the American governments but also to public institutions, railway companies, and interested private individuals. Its aim of promoting the development and progress of railways in the American Continent was carried out by means of (a) periodic congresses, (b) the publication of documents and other works related to the Association’s objectives, and (c) the maintenance of informative services and studies of topics of general interest.

The Congress held last summer in the United States was the eighth in the series of Pan Ameri-

¹ BULLETIN of Nov. 23, 1953, p. 695.

can Railway Congresses sponsored by the Association and also was the first to be held in this or any other English speaking country. The VIII Congress was organized by the United States Government and the U.S. National Commission in the Pan American Railway Congress Association, in collaboration with the Permanent Commission of PARCA.² It was larger than any preceding Congress in the series in point of total registration and number of countries represented and was outstanding among these Congresses in scope and character of technical papers presented.

During the section and plenary sessions of the Congress, held in Washington June 12-21, 1953, a total of 168 papers from authors in 16 countries were considered. These papers covered a wide range of transportation subjects, including problems having to do with roadway and structures; freight and passenger cars and locomotives; operation of service; accounting, statistics, and tariffs; legislation, administration, and coordination; and personnel and general subjects. A wealth of technical information from authoritative sources was thereby made available to the agencies and individuals concerned with the establishment, operation, improvement, and administration of railway transportation facilities.

Potentially more valuable than the assembly of that body of information in respect to the future development of railways was the stimulating effect that the whole process had upon the minds of interested individuals before, during, and after the Congress. Of special significance were the scope and the results of the exchange of ideas and information attendant upon the pre-Congress preparation and review of the various papers; the during-the-Congress presentation, discussion, and evaluation of the papers; and the post-Congress distribution of the papers.

Equally important were the effects upon the Congress participants of the proceedings at Atlantic City, New Jersey, June 21-25, 1953. There they were afforded an opportunity not only to attend meetings of the Association of American Railroads and the American Short Line Railroad Association but also to inspect a \$20 million exhibition of railway rolling stock, equipment, and appliances brought together by member firms of the Railway Supply Manufacturers' Association.

Two events of particular significance to the Association occurred during the Congress. On June 17, Dr. Alberto Lleras Camargo, Secretary General of the Organization of American States, and Ing. Joaquín Nuñez Brian, of PARCA, signed an agreement providing for official cooperation of their two organizations through the exchange of information and mutual assistance in the realization of plans and programs being carried out by

the various countries. This marked the transition from the informal relations which had existed for many years to a more formal and definite relationship for the future. Secondly the Congress adopted a resolution providing for the revision of the statutes of the Association. Since that resolution invited all national commissions to submit their suggestions for revision, the U. S. National Commission has given careful consideration to the matter and, with the assistance of the Department of State, has recently (January 1954) sent to the Permanent Commission of PARCA at Buenos Aires a proposed new draft of the statutes for review and comment by all of the other national commissions. Final action is expected to be taken at the IX Congress in 1956.

Two other resolutions adopted at the Congress related to the continuation of studies fundamental to the international, as well as national, development of American railway facilities. The Permanent Commission of PARCA was directed to continue work on the compilation of a glossary of technical railway terms in Spanish and English. Such a glossary was deemed to be of vital importance to the standardization of railway accounting and statistics as a basis for the measurement and comparison of relative results of operation attained by railroads in Latin America. The Permanent Commission was also directed to continue studies designed to help American countries coordinate the international traffic of their railroads. The Commission was asked in this connection to give primary consideration to those studies relating to (1) railroad connections of the same gage for the interchange of rolling stock, (2) railroad connections of different gage and other circumstances which necessitate transfers, (3) currency exchange and customs formalities, as such operations relate to international traffic, which can be regulated by common agreement between governments, and (4) "the unification, if feasible, of railroad legislation and regulations of the countries of the Americas as regards international traffic, provided that where traffic is now or hereafter interchanged between any two countries pursuant to private arrangements legal under the laws of the countries concerned, it is not the intention of this subparagraph to advocate changes in such arrangements."

A resolution was also adopted by the Congress, upon the initiative of the Mexican delegation, requesting the Inter-American Economic and Social Council to constitute an Interim Committee composed of specialized delegates from a small number of countries, for the purpose of studying the best methods of bringing about the coordination of all the various forms of transport of the American Continent (railway, highway, water, and air). The Pan American Union was requested to provide appropriate secretariat facilities therefor.

² For the membership of the U.S. delegation to the Congress, see *ibid.*, June 22, 1953, p. 884.

THE DEPARTMENT

Foreign Buildings Architectural Advisory Board Established

Press release 15 dated January 14

The Department of State is enlisting the advice and assistance of outstanding American architects to serve on an Advisory Board to improve the methods and operation of the Foreign Buildings Operation.

The new group will be known as the Foreign Buildings Architectural Advisory Board. A principal purpose of this Board will be to assist in the architectural design of all U.S. buildings overseas; including embassies, legations, consulates, and diplomatic and consular and other per-

sonnel housing projects. The Board will also advise the Department's Foreign Buildings Operation concerning location of projects and the best types of material to be used in overseas construction and will otherwise assist in maintaining standards of utmost economy and usefulness throughout the program.

The Foreign Buildings Architectural Advisory Board will initially consist of the following members: Pietro Belluschi, Henry R. Shepley, Ralph T. Walker, and Col. Harry A. McBride. Colonel McBride will serve as chairman of the Advisory Board.

Appointment of Officers

The Department of State announced on January 6 (press release 3) the appointment of Cecil B. Lyon as Director of the Office of German Affairs, Bureau of European Affairs.

Joseph Cameron Hickingbotham, Jr., as Consultant to the Assistant Secretary for Economic Affairs, effective January 6 (press release 6).

THE FOREIGN SERVICE

Effect of Security Program on Foreign Service Personnel

Press release 24 dated January 19

At his press conference on January 19, Secretary Dulles was asked for comment on the letter signed by Norman Armour, Robert Woods Bliss, Joseph C. Grew, William Phillips, and G. Howland Shaw, addressed to the editor of the New York Times and printed in the Times on January 17, regarding the effect of the security program on the Foreign Service. Mr. Dulles replied as follows:

Yes, they sent me a copy of that letter. I read it with interest. They are a distinguished group of former diplomats whom I highly respect. As a matter of fact, I have at times called upon one or another of them for advice since I have been Secretary of State.

I think, however, that they perhaps do not have a complete awareness of the security processes which go on in the State Department. The fact is that in all security cases there is an evaluation by a Foreign Service officer. In the last analysis no one can be or is suspended, which is the first step, without my personal inquiry into the matter

and my own personal check on the evaluations of my security officers.

That has taken a large amount of my time, probably an undue amount of my time in some respects. But where the reputation and happiness of individual human beings is involved I believe that I am justified in subtracting time if necessary from affairs of State to take care of these personal cases. And there has been no case of suspension or proposed suspension to which I have not given my own personal attention.

I have not always followed the recommendations made to me about suspensions; but I would also say that in no case have recommendations been made to me which seem to me to be reckless or without some basis in fact to justify the recommendation. I have not always found it adequate, but I have personally reviewed every one of these cases and there is no Foreign Service officer who needs to live under any apprehension that there will be any ruthless process employed so far as he is concerned.

It is suggested in this letter that possibly some members of the Foreign Service are frightened so that they do not report accurately or clearly. I think the writers use the word report "ambiguously." I must say that I find no evidence of that at all. I find no evidence of any cringing on the part of the Foreign Service personnel. I believe that they are performing their work adequately, loyally; and doing their duty as I would expect of the fine body of men and women that they are.

United Nations Charter Review

Statement by Secretary Dulles¹

The United Nations Charter represents man's most determined and promising effort to save humanity from the scourge of war and to establish justice between the nations. In negotiating the charter terms, the United States was represented by a distinguished bipartisan delegation, largely drawn from the Congress, and the charter was ratified by the Senate by almost unanimous vote.

The United Nations, thus launched, carried the ardent hopes of the American people, and indeed the peoples of all the world. The responsible leaders of our Nation, without regard to party, have repeatedly said that the charter represents the cornerstone of U.S. foreign policy.

It must in all frankness be recognized that the high hopes born of the San Francisco conference of 1945 have not been fully realized. This is due to two principal causes.

In the first place, many initial hopes were exaggerated. War is not abolished, and a system of justice inaugurated, merely by strokes of the pen. If that were the case, we would have had international peace and justice long ago. Just and durable peace requires sustained and well-directed efforts comparable in dedication to the efforts needed to win victory in war.

However the written word continues to exert a peculiar fascination, and there is a recurrent tendency to treat as done that which, according to a treaty, ought to be done. Hopes which had only this basis were doomed to be disappointed.

In the second place, many provisions of the charter depended on cooperation by the so-called "great powers," and in fact the members of the Soviet Communist bloc have pursued policies which departed from the spirit, and indeed the language, of the charter.

Nevertheless, the United Nations has a record of conspicuous accomplishment. Among major political results which flowed from its processes may be mentioned:

The withdrawal of Soviet forces from Iran;
The support of Greece while under Communist attack;

The conclusion of a permanent armistice between Israel and the Arab States;

The establishment of the Republic of Korea;
The disposition of the Italian colonies in Africa and the creation of the State of Libya;

The establishment of the Republic of Indonesia;
The organization of effective resistance to the armed aggression in Korea.

While the United States bore most of the United Nations burden in Korea, it should not be forgotten that 15 other members contributed armed forces and 46 nations made some form of contribution, either military or economic.

Thus, the United Nations became the first international organization to organize effective collective resistance to armed aggression.

The United Nations has helped to transform colonialism into self-government. The role played by the United Nations in this matter has been controversial and it is in some respects subject to legitimate criticism. Undoubtedly, however, it has exerted a useful influence in promoting peaceful rather than violent developments.

In addition to political achievements, the United Nations has provided means for economic and social developments which have benefited a large part of the human race.

In addition to its specific accomplishments, the General Assembly has served as a world forum for the presentation of different points of view. It has become a place where world opinion can register and exert a moral authority which no nation, however powerful or despotic, publicly disdains or wholly disregards.

The greatest weakness of the United Nations—and this was foreseen at San Francisco—is the Security Council's inability to discharge its "primary responsibility for the maintenance of international peace and security." (article 24). It has not proved practicable for the Security Council to organize the armed forces, assistance, and

¹ Made before the Charter Review Subcommittee of the Senate Foreign Relations Committee on Jan. 18 (press release 19).

facilities which it was contemplated should be put at the disposal of the Security Council (article 43) for the purpose of maintaining international peace and security.

The Council's inability to function as designed has been primarily due to the abuse by the Soviet Union of its so-called veto power.

This same veto power has been abused by the Soviet Union to exclude from membership in the United Nations many countries fully qualified for membership under the terms of article 4, which provides that the United Nations membership is open to all peace-loving states which accept the obligations contained in the present charter and are able and willing to carry out these obligations.

Nations excluded by the Soviet veto are: Austria, Cambodia, Ceylon, Eire, Finland, Italy, Japan, Jordan, Republic of Korea, Laos, Libya, Nepal, Portugal, Viet-Nam.

Charter Review Conference

We are now approaching a time when in all probability there will be a review of the charter with a view to its possible amendment. Article 109 (3) of the charter provides that a proposal to call such a conference shall be placed on the agenda of the tenth annual session of the General Assembly, i. e., that of 1955, and present indications are that a review conference will be held.

The United States has already indicated that it expects to favor the holding of a review conference.

The Executive welcomes this coordinate action of the Senate in studying the problems which will confront such a conference.

The Executive approaches this conference with an awareness of the desirability of perfecting the charter, but also with a determination not to lose the good that is in the search for something better.

We have not yet taken any firm position with respect to charter amendments. We defer that until we have further advanced our own studies and ascertained the views of our citizenry and Congress and of other nations. In this connection, we do not forget that charter amendments require Senate consent.

Under the circumstances, I shall limit myself to indicating some of the major questions which might be brought before the Charter Review Conference and as to which there should be an educated public opinion.

1. *Universality.*—It is useful that there be an organization which is, generally speaking, universal and whose processes run throughout the world. Otherwise the association takes on the character of an alliance. Of course, universality inevitably means bringing together nations whose governments may strongly disagree. This has disadvantages. But such an organization maintains contacts between potential enemies, affords opportunities to dispel unnecessary misunderstandings,

and, as President Eisenhower said in his State of the Union Message on January 7, 1954, it provides "the only real world forum where we have the opportunity for international presentation and rebuttal." This process tends, though slowly, to bring about conformity to a common standard.

It is, of course, unlikely that there will be universality in the complete and literal sense of that word. Unfortunately, there are governments or rulers who do not respect the elemental decencies of international conduct, so that they can properly be brought into the organized family of nations. That is illustrated by the regime which now rules the China mainland.

Even approximate universality does, of course, carry certain disadvantages. There are bound to be differences of opinion which limit effectiveness of action.

Doubtless, at the Charter Review Conference, consideration will be given to these problems of universality or limited membership. It will perhaps be considered whether article 4, to which I referred above, expresses the desirable standards for membership.

In this connection, it should be recalled that articles 5 and 6 permit of suspension and expulsion, although this requires Security Council action, which in turn is subject to veto.

It seems at the present time that most of the members of the United Nations feel that it is better to have even discordant members in the organization rather than to attempt to confine membership to those who hold the same views.

In this connection, it is to be borne in mind that few nations for long share the same views about every matter. Where they *do* share the same security views, or have regional community, they can organize themselves under article 51 (collective security) or under the provisions of articles 52-54 (regional arrangements).

2. *Security.*—By the charter (article 24) the Security Council is supposed to exercise "primary responsibility for the maintenance of international peace and security." Can charter changes better enable it to discharge that responsibility? Or must that primary responsibility be left to security organizations, the formation of which is authorized by article 51? Or should greater responsibility be given to the General Assembly, where there is no veto?

In this connection I should note the "Uniting for Peace Resolution" of 1950 which puts the General Assembly in a position to play a decisive role with reference to peace and security in the event that the Security Council is paralyzed by a veto.

3. *Security Council.*—Are the present provisions for membership and voting in the Security Council conducive to its maximum effectiveness? Should the veto power be taken away in respect of questions involving Pacific Settlement of Disputes (chapter VI) and in respect of the Admission of New Members, as recommended by S. R. 239

(80th), the so-called Vandenberg Resolution? Presumably, the United States would itself hesitate to go much further than this in now surrendering its "veto power."

4. *General Assembly Voting*—In the General Assembly, each nation has one vote. Is this the best arrangement? If the General Assembly is to assume greater responsibilities, then should there not be some form of weighted voting, so that nations which are themselves unable to assume serious military or financial responsibilities cannot put those responsibilities on other nations? Should there be, in some matters, a combination vote whereby affirmative action requires both a majority of all the members, on the basis of sovereign equality, and also a majority vote, on a weighted basis, which takes into account population, resources, etc.?

5. *Armament*—Since the charter was adopted, there has been a vast development of possibilities of mass destruction, particularly in terms of atomic energy and nuclear weapons.

As one who was at San Francisco in the spring of 1945, I can say with confidence that, had the delegates at San Francisco known we were entering the age of atomic warfare, they would have seen to it that the charter dealt more positively with the problems thus raised. Perhaps consideration should now be given to the creation of a special organ of the United Nations comparable to the Economic and Social Council and the Trusteeship Council to deal permanently with the problem of armament which carries so hideous a threat to the hopes of the peoples expressed in the preamble to the charter.

In this connection, I emphasize the President's epoch-making proposal of December 8, 1953, to the United Nations suggesting the creation of an international atomic-energy agency to receive contributions of normal uranium and fissionable materials and to devise methods whereby this available material would be allocated to serve the peaceful pursuits of mankind.²

6. *International Law*—In view of the importance of law as an accepted standard of international conduct, are the charter provisions adequate (article 13 (1) (a))? These call on the General Assembly to initiate studies and make recommendations for the purpose of encouraging the progress and development of international law and its codification. However, so far little progress has been made. This is a great handicap to world order, because it means that decisions and recommendations of the United Nations are apt to be governed by considerations of political expediency rather than by accepted international law.

In this connection I recall the late Senator Taft's conviction "that in the long run the only way to establish peace is to write a law, agreed to by each of the nations, to govern the relations of such nations with each other and to obtain the covenant

of all such nations that they will abide by that law and by decisions made thereunder." (*A Foreign Policy for Americans*, 1951.)

Simultaneous progress on a global scale is presently impeded by a sharp cleavage with reference to the nature of law. Most of the governments of the world regard "law" as man's effort to apply moral principles to human affairs. There is thus an objective standard of justice which can be appealed to. However, one third of the world's population is ruled by those who do not recognize any moral law and look upon human "law" as a means whereby those in power achieve their objectives and destroy their enemies.

7. The foregoing are the more important charter amendment issues which particularly concern the United States. There are doubtless other aspects which are of great concern to other countries. However, I refrain from making any statement about those matters at this time.

Conclusion

It is in my opinion important that the United States should approach this problem of charter review with recognition that the charter as it is can be made to serve well the cause of international peace and justice. The defects in the charter can to a considerable extent be corrected by practices which are permissible under the charter. Already it is accepted practice that if a permanent member of the Security Council abstains from voting, that does not constitute a veto despite the fact that article 27 (3) provides for the "affirmative vote of seven members, including the concurring votes of the permanent members."

I have already referred to the "Uniting for Peace Resolution" which gave the Assembly a vetoless authority in security matters.

It is also necessary to bear in mind that much can be done within the framework of the charter, but without actual dependence upon the procedures of the United Nations itself. I have referred to article 51, which recognizes the right of collective self-defense. This has been extensively used. Many nations having similar security interests have banded together through security pacts. There are the Rio Pact, the North Atlantic Treaty, and comparable security arrangements between the United States and other countries in the Western Pacific. The Soviets have also built their own security system with a series of so-called treaties with their satellites.

Such arrangements operate free of Security Council veto, although self-defense measures are required to be reported to the Security Council.

I have stated some of the problems which will probably be raised in a 1956 Review Conference, without attempting to give categorical answers. That would, I think, be premature for me. Let me repeat, however, that while a Charter Review Conference should be welcomed as a means of

² BULLETIN of Dec. 21, 1953, p. 847.

strengthening the United Nations, difference of opinion about how to do this should not then be pressed to a point such that the Review Conference would result in undermining the United Nations or disrupting it. The United Nations as it is, is better than no United Nations at all.

It must be borne in mind that, under the present charter, each of the permanent members of the Security Council has a "veto" on amendments which the General Review Conference may propose. The existence of this veto does not mean that the Review Conference is a futility. At San Francisco each of the nations which had joined to draft the Dumbarton Oaks Proposals had a "veto" over changes from these proposals. Nevertheless, they did not exercise that veto as against changes which were clearly reasonable and demanded by world opinion. We can hope that the same conditions will prevail at the prospective Review Conference. We can reasonably make our plans on the working hypothesis that no one nation will, in fact, be able arbitrarily to impose changes or to veto changes.

Let me end by reasserting my continuing faith in the United Nations. I fully share the view expressed by the Senate in its resolution of June 11, 1948, that it is "the policy of the United States to achieve international peace and security through the United Nations." As President Eisenhower said to the Congress on January 7, 1954, "The United Nations deserves our continued and firm support."

I believe that it lies within our power to advance the great objective of the United Nations provided we are patient, resourceful, and resolute, and inspired by faith that man has the capacity to overcome evil with good.

Report on Escape Clauses in Trade Agreements

*Message of the President to the Congress:*¹

Pursuant to the provisions of subsection (b) of section 6 of the Trade Agreements Extension Act of 1951 (Public Law 50, 82d Congress), I hereby submit to the Congress a report on the inclusion of escape clauses in existing trade agreements.

¹ H. doc. 296, 83d Cong., 2d sess.

This report was prepared for me by the Interdepartmental Committee on Trade Agreements.

DWIGHT D. EISENHOWER

THE WHITE HOUSE,
January 11, 1954.

*Report on Trade Agreement Escape Clauses
(Pursuant to the Provisions of Sec. 6 (b) of
the Trade Agreements Extension Act of 1951)*

Section 6 of the Trade Agreements Extension Act of 1951 reads as follows:

(a) No reduction in any rate of duty, or binding of any existing customs or excise treatment, or other concession hereafter proclaimed under section 350 of the Tariff Act of 1930, as amended, shall be permitted to continue in effect when the product on which the concession has been granted is, as a result, in whole or in part, of the duty or other customs treatment reflecting such concession, being imported into the United States in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products.

(b) The President, as soon as practicable, shall take such action as may be necessary to bring trade agreements heretofore entered into under section 350 of the Tariff Act of 1930, as amended, into conformity with the policy established in subsection (a) of this section.

On or before January 10, 1952, and every six months thereafter, the President shall report to the Congress on the action taken by him under this subsection.

As indicated in previous reports, escape clauses complying with the requirements of section 6 of the Trade Agreements Extension Act of 1951 have been included in all trade agreements concluded under the act except those with Ecuador, El Salvador, Guatemala, and Honduras.

As regards Ecuador, the previous reports referred to discussions in progress between the Government of the United States and the Government of Ecuador with regard to the existing trade agreement, including the possibility of inserting an escape clause in the agreement. The Government of Ecuador has been informed that it would be necessary to amend the trade agreement to include an escape clause. The discussions with Ecuador are still in progress.

With regard to the trade agreements with the Governments of El Salvador, Guatemala, and Honduras, there has been no change in the situation in the last 6 months and, for the reasons given in the report of July 10, 1952,² no further action with regard to insertion of the escape clause has been taken.

² H. doc. 42, 83d Cong., 1st sess. For the text of the pertinent passage of the report, see BULLETIN of July 20, 1953, p. 92.

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The United Nations Secretariat has established an Official Records series for the General Assembly, the Security Council, the Economic and Social Council, the Trusteeship Council, and the Disarmament Commission, which includes summaries of proceedings, resolutions, and reports of the various commissions and committees. Information on securing subscriptions to the series may be obtained from the International Documents Service.

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Releases may be obtained from the News Division, Department of State, Washington 25, D. C.

Press releases issued prior to January 18 which appear in this issue of the BULLETIN are Nos. 3 of January 7, 6 of January 8, and 15 of January 14.

No.	Date	Subject
19	1/18	Dulles: Charter review
*20	1/18	Exchange of persons
21	1/19	Dulles: 4-power meeting
22	1/19	Japan's association with GATT
23	1/19	Dulles: Visit of Turkish President
24	1/19	Dulles: Security program
25	1/20	North Pacific Fisheries meeting
†26	1/21	Phleger: International law
27	1/20	Dulles: Release of Pows
28	1/21	Dulles: Departure for Berlin
29	1/19	Dulles: Letter to Bayar
30	1/22	Robertson: Victory in Korea
*31	1/22	Exchange of persons
*32	1/22	Program for Bayar visit
33	1/22	Lodge: Release of Pows

*Not printed.

†Held for a later issue of the BULLETIN.

American Principles. Our Victory in Korea (Robertson) . . . 149

American Republics. VIII Pan American Railway Congress . . . 167

Congress

Report on Escape Clauses in Trade Agreements (Eisenhower) . . . 173

United Nations Charter Review (Dulles) . . . 170

Cuba. Cooperation in the U.S.-Cuban Industrial Relations (Gardner) . . . 158

Economic Affairs

Commercial Relations With Japan . . . 154

Cooperation in U.S.-Cuban Industrial Relations (Gardner) . . . 158

VIII Pan American Railway Congress . . . 167

Export Licensing Changes . . . 157

India To Receive 200,000 Tons of Steel . . . 156

Pakistan Eases Income Tax on Visiting Businessmen . . . 158

The Process of Federating Europe (Bowie) . . . 139

Shipments to Hong Kong . . . 157

Trading in German Securities . . . 159

Europe. The Process of Federating Europe (Bowie) . . . 139

Foreign Service. Effect of Security Program on Foreign Service Personnel (Dulles) . . . 169

Germany. Trading in German Securities . . . 159

Health, Education, and Welfare. Increasing International Understanding Through Educational Exchange (Riley) . . . 162

Hong Kong. Shipments to Hong Kong . . . 157

India. India To Receive 200,000 Tons of Steel . . . 156

International Information. Increasing International Understanding Through Educational Exchange (Riley) . . . 162

International Organizations and Meetings

Calendar of Meetings . . . 166

VIII Pan American Railway Congress . . . 167

Fisheries Commission Meeting . . . 165

Problems Facing Meeting of Foreign Ministers (Dulles) . . . 148

Japan. Commercial Relations With Japan . . . 154

Korea

Our Victory in Korea (Robertson) . . . 149

U.N. Releases Prisoners of War (Hull, Dulles, Lodge, Wadsworth, Thimayya) . . . 152

Military Affairs

Programs for Building National and International Security (Eisenhower) . . . 143

U.N. Releases Prisoners of War (Hull, Dulles, Lodge, Wadsworth, Thimayya) . . . 152

Mutual Security

American Assistance to Netherlands Flood Victims . . . 142

Programs for Building National and International Security (Eisenhower) . . . 143

The Netherlands

American Assistance to Netherlands Flood Victims . . . 142

Netherlands Action on EDC Treaty (Eisenhower) . . . 142

Pakistan. Pakistan Eases Income Tax on Visiting Businessmen . . . 158

Presidential Documents

Messages to Congress:

Programs for Building National and International Security . . . 143

Report on Escape Clauses in Trade Agreements . . . 173

Publications. Recent Releases . . . 142

State, Department of

Appointments (Hickingbotham) (Lyon) . . . 169

Foreign Buildings Architectural Advisory Board Established . . . 169

Treaty Information

Commercial Relations With Japan . . . 154

Fisheries Commission Meeting . . . 165

Netherlands Action on EDC Treaty (Eisenhower) . . . 142

Report on Escape Clauses in Trade Agreements . . . 173

Turkey. Visit of Turkish President (Dulles) . . . 162

United Nations

Current U.N. Documents: A Selected Bibliography . . . 174

United Nations Charter Review (Dulles) . . . 170

U.N. Releases Prisoners of War (Hull, Dulles, Lodge, Wadsworth, Thimayya) . . . 152

Name Index

Bayar, Celal . . . 162

Bowie, Robert R. . . . 139

Dulles, Secretary . . . 148, 152, 162, 169, 170

Eisenhower, Milton S. . . . 167

Eisenhower, President . . . 142, 143, 173

Gardner, Arthur . . . 158

Hickingbotham, Joseph Cameron, Jr. . . . 169

Hull, John E. . . . 152

Lodge, Henry Cabot, Jr. . . . 152

Lyon, Cecil B. . . . 169

Queen Juliana . . . 142

Riley, Russell L. . . . 162

Robertson, Walter S. . . . 149

Thimayya, Gen. K. S. . . . 152

Wadsworth, James J. . . . 152

Available in pamphlet form . . .



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The Department of State

Vol. XXX, No. 763

February 8, 1954



FOUR POWER DISCUSSIONS AT BERLIN	179
EXCERPTS FROM RANDALL COMMISSION REPORT	187
SOME RECENT DEVELOPMENTS IN INTERNA- TIONAL LAW OF INTEREST TO THE U.S. ● <i>by</i> <i>Herman Phleger, Legal Adviser</i>	196
THE SCANDINAVIAN SPIRIT ● <i>by Assistant Secretary</i> <i>Robertson</i>	202
PRESIDENT'S VIEWS ON TREATY MAKING	195
THE SOIL OF FREEDOM ● <i>by Theodore C. Streibert</i> . . .	203
AMERICAN POLICY IN THE MIDDLE EAST DURING 1953 ● <i>by Richard H. Sanger</i>	209

For index see inside back cover



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The Department of State BULLETIN, a weekly publication issued by the Public Services Division, provides the public and interested agencies of the Government with information on developments in the field of foreign relations and on the work of the Department of State and the Foreign Service. The BULLETIN includes selected press releases on foreign policy, issued by the White House and the Department, and statements and addresses made by the President and by the Secretary of State and other officers of the Department, as well as special articles on various phases of international affairs and the functions of the Department. Information is included concerning treaties and international agreements to which the United States is or may become a party and treaties of general international interest.

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Four Power Discussions at Berlin

Following are texts of statements made by Secretary Dulles during the first week of the Foreign Ministers' Conference which opened at Berlin on January 25, together with the text of a memorandum on the reunification of Germany submitted by Foreign Secretary Anthony Eden of the United Kingdom on January 29.

STATEMENT OF JANUARY 26

Press release 38 dated January 27

This conference affords us the chance to recapture the lofty spirit of those who, with sacrificial dedication, won for us the chance to make the peace. The United States has come here, and will persevere, in that spirit. During the 9 years that have elapsed since the end of World War II, many hopes have turned to despair and many friendships have dissolved in bitterness. It is, indeed, 5 years since our four Foreign Ministers have even met together.¹ Those 5 years have been marked by a major war in Korea, the intensification of war in Indochina, and growing fear that we are merely in another interlude between world wars.

This Conference provides the occasion for making a fresh start. We meet here in a city whose ruin and division symbolize the tragic consequences of aggression. Here it should be possible, in a mood of equalizing humility, to work together for peace.

When we came here we knew that there were many matters where we disagreed. But we hoped to find an area of agreement which, if it were jointly cultivated, would invigorate peaceful principles which would finally encompass us all, everywhere. We thought that Germany and Austria provided such an initial field for successful effort.

That was the mood which was made manifest by the opening speeches of M. Bidault and Mr.

Eden. Neither of them uttered a single word of recrimination. Both dealt constructively with the future and sought the cooperation which would enable the four of us to build here in the heart of Europe a society which, turning its back upon the tragic past, would be a monument of enduring peace.

It was thus a matter of profound disappointment to hear the opening address of the Soviet Foreign Minister. It was not that he said anything that was new. I have heard the same speech many times before. What was saddening was the fact that he seized upon this occasion, the opening of this new conference, this beginning of what could be a new chapter of history, to accumulate and repeat the old false charges and recriminations which have been heard so often from Soviet rulers.

If any one thing is certain, it is that the future will never be a future of peace unless it reflects new ideas and new vision. Peace is not had merely by wanting it. We all, I suppose, want peace, on our own terms. Men have always wanted peace on their own terms. Instead of getting peace, they have gotten an endless cycle of recurrent war. War has constantly bred war because, with rare exceptions, the victors in war have been so animated by the spirit of vengeance and hatred that they have been blinded and have themselves unwittingly become the causes of new war.

If, from this standpoint, we review the three speeches which were made yesterday, we cannot but be struck by the difference. M. Bidault and Mr. Eden both made constructive proposals for Germany, which, because they were just, would be lasting. They proposed a Germany which would be united under a government of its own choosing and which would bury its antiquated nationalistic and militaristic ambitions in a durable unity with those who in the past have been the victims of its aggression.

¹The sixth session of the Council of Foreign Ministers took place at Paris in May-June 1949.

As I listened to the calm, wise words of M. Bidault, I could not but think of our own President Lincoln, who, animated by the spirit of "malice toward none and charity toward all," forged a political unity which has produced the largest measure of human welfare that the world has yet known.

As Mr. Molotov pointed out, France, equally with Russia, was a victim of nazism. But M. Bidault evoked the spirit which can bind up and heal the wounds of war. Mr. Molotov evoked the spirit of vengeance and of hatred which marked the ill-fated treaty of Versailles. He recalled the decisions of Yalta. It was Yalta which called for the "dismemberment of Germany," for the stripping of Germany of all removable assets, and for impressed German labor.

These decisions of Yalta, which my own Government shared, were understandable in the context of the day. The German war was still in full vigor, and wars are not won by a spirit of tolerance. But it is sad that today, 9 years since the German armistice, one of the parties to the Yalta Conference should attempt to revive the bitterness and the hatred of those days and the cruel decisions which that hatred and bitterness occasioned.

The Mood at Versailles

I had some part in the Paris conference which created the Treaty of Versailles. It is easy for me to recall the mood of that conference. We then believed that the way to exorcise evil from the German spirit was to occupy Germany, to demilitarize Germany, to impose upon Germany humiliating discriminations so that she would always be a nation apart, branded openly with the stigma of Cain.

From that experiment, those who truly and wisely seek peace have learned that no great nation is made harmless by subjecting it to discriminations so that it cannot be an equal in the family of nations. Restrictions such as were imposed by the Treaty of Versailles, and as are implicit in the Soviet proposals of yesterday, merely incite a people of vigor and of courage to strive to break the bonds imposed upon them and thereby to demonstrate their sovereign equality. Prohibitions thus incite the very acts that are prohibited.

In contrast to the Soviet reversion to a sterile and dangerous past is the French approach as put forward by M. Bidault. France has resolved not to repeat that past. In the interest of permanent peace, she is striving to forge strong links of common interest and purpose to unite Germany with her neighbors.

We can well pause here to pay tribute to the genius of France which has drawn together the six nations of Western Europe in the Coal and Steel Community, which has conceived the European Defense Community (Edc), and which stimulates

the development of a European political community.

Such creative thinking marks freedom at its best. It condemns to ridicule those who would destine France to a humble place in the Soviet world of enforced conformity.

Mr. Molotov professes to fear that the European Defense Community would be dominated by German militarism. Thus is precisely what Edc is designed to prevent. It is a program which acceptably precludes any German national army and any German General Staff. I say "acceptably" because the treaty operates in a nondiscriminatory way. Each of the countries of the European Defense Community accepts for itself in Europe the same conditions as apply to Germany. Thus, there is brought into being a modest defense force in which individual Germans have a minority part and the whole of which is dedicated to defensive purposes. No part of the European army can ever be used to serve any national ends in Europe. That is a program which the Germans themselves willingly accept. The German people are eager, as are the people of France, to find a way to end forever the hideous spectacle of the European nations fighting each other. The treaty to create the European Defense Community was conceived by France, has been signed by France, Germany, Italy, Belgium, the Netherlands, and Luxembourg. The process of ratification is far advanced. There is no known substitute for Edc. Certainly the Soviet Union has proposed none except a return to the obsolete, bankrupt system of Versailles and other so-called "peace" treaties which have bred war.

Surely statesmanship can do better than to recreate the world's worst fire hazard. The country and people of the Soviet Union have been cruelly mutilated by the consequences of German hostility toward France. It seems incredible that Soviet leaders should now be devoting themselves to reviving that Franco-German hostility and to obstructing a unification which would realize the vision of the wise European statesmen who for generations have been preaching unity as the indispensable foundation for lasting peace.

The Soviet Foreign Minister suggested that the formation of a European or North Atlantic treaty military force might lead to the creation of a defensive alliance of other European countries, thus splitting Europe into two opposing military groups of states. This is a grotesque inversion of history.

Following the end of World War II, the United States withdrew its vast armies and air and naval forces from Europe and largely dismantled its military establishment. The United Kingdom did likewise. Western Europe itself was left totally devoid of military strength. The Western nations put their primary dependence in the pledges of the United Nations Charter. They continued to do so until June 1951. Then the sudden outbreak

of hostilities in Korea showed that the United Nations Charter did not constitute any absolute guaranty against armed aggression. The free nations realized their insecurity if they remained disarmed and disunited in the face of a powerful military bloc combining the resources of 800 million people.

Mr. Molotov, in his address, cited the principle that action provokes reaction. That is true, as we see; but not with the application which Mr. Molotov gave it.

Another disheartening aspect of the Soviet Foreign Minister's statement was its reiteration of the importance of accepting the Chinese Communist regime as one of the so-called "five great powers" which have worldwide responsibility for the establishment of peace.

U. S. Views on Communist China

This offspring of Soviet communism committed flagrant aggression in Korea, for which it was formally condemned by the United Nations. It is actively promoting aggression against Vietnam, Laos, and Cambodia. All of the nations which are the neighbors of this Chinese Communist regime feel menaced by its scarcely concealed aggressive purpose.

Although 6 months have gone by since it agreed to hold a political conference with relation to Korea, Communist China has constantly found excuses and placed obstructions in the way.

This convicted aggressor is the nation which the Soviet Union chooses to be its companion in its quest for peace and which its demands should be accepted by the United States and others. I would like to state here plainly and unequivocally what the Soviet Foreign Minister already knows—the United States will not agree to join in a five-power conference with the Chinese Communist aggressors for the purpose of dealing generally with the peace of the world.

The United States refuses not because, as is suggested, it denies that the regime exists, or that it has power. We in the United States well know that it exists and has power, because its aggressive armies joined with the North Korean aggressors to kill and wound 150,000 Americans who went to Korea in company with British, French, and other United Nations forces to resist that aggression in response to the appeal of the United Nations. We do not refuse to deal with it where occasion requires. We did deal with it in making the Korean armistice. We deal with it today at Panmunjom in our effort to bring about a Korean peace conference. It is, however, one thing to recognize evil as a fact. It is another thing to take evil to one's breast and call it good.

Moreover, the United States rejects the Soviet concept that any so-called "five great powers" have a right to rule the world and to determine the destinies of other nations. The United Na-

tions Charter confers no such mandate. Nor is any such mandate to be found in principles of justice and fair dealing. Undoubtedly great power carries with it a great responsibility for promoting and protecting peace, but such power gives no right to dictate to smaller powers or to manage the affairs of the world. We believe in the principle, embodied in the Charter of the United Nations, that there is a sovereign equality of all states, great and small.

Despite the discouragement which must be the first reaction to the Soviet Minister's speech, I propose that we refuse to be discouraged and get ahead with our business. We hope that there will be a genuine opportunity for us to explore together new ideas such as have been put forward in the addresses of the Foreign Ministers of France and of Great Britain. In this respect, Mr. Eden has made a series of concrete proposals regarding Germany which deserve our serious consideration.

Mr. Molotov has proposed an agenda. It is not the agenda that we would propose, but it is an agenda which we will take for the sake of getting on with our work. We do not want to turn this conference into another Palais Rose conference where our deputies met for many weeks in futile argument about the agenda.² The Soviet Foreign Minister has proposed a first agenda item which includes the convening of a meeting of Ministers of Foreign Affairs of France, Britain, the United States, the Soviet Union, and the Chinese People's Republic. The United States is willing to deal with, and dispose of, this agenda item.

Then would come the German question and the problem of insuring European security. Germany is a matter which primarily concerns us here, and the sooner we can get to it, the better.

Then the Soviet Union proposed discussion of the Austrian state treaty. Since the treaty was already substantially concluded 5 years ago, and since the Soviet Union has already received much more than the reparation which it originally demanded, this problem should be quickly disposed of. We would have preferred to deal with it earlier. But if the Soviet Union prefers to leave to the last what is the easiest to do, then we will accommodate ourselves to their wishes in this respect.

The important thing is that we quickly show a capacity to discharge our responsibilities toward others and not to waste our time in recriminations as amongst ourselves.

I have said that power carries with it a great responsibility today; as the four occupying powers in Germany and Austria, we possess a responsibility for which, unless it be well discharged, the verdict of history will find us guilty.

²Deputies of the Foreign Ministers held 73 meetings at the Palais Rose in Paris from March through June 1951 in an effort to agree on an agenda for a meeting of the Foreign Ministers. For reports on the sessions, see BULLETIN of July 2, 1951, p. 14, and July 30, 1951, p. 187.

Therefore, I say, let us get on with our work. Let us truly discharge that responsibility on which the hope of millions center.

STATEMENT OF JANUARY 27

It is proposed by the Soviet Union that there be a five-power conference which would include the four of us plus the Foreign Minister of Communist China to consider "measures for reducing international tensions."

If I understand rightly what Mr. Molotov has said, this proposed meeting of the so-called "five great powers" is designed primarily to establish and implement the principle that these five powers have a special mandate to run the affairs of the world.

Mr. Molotov pointed out that the Charter of the United Nations gives special rights to the five powers by making them permanent members of the Security Council. From this, Mr. Molotov deduces that they have worldwide responsibilities which should bring them together in a five-power conference which would be held outside the framework of the United Nations.

Mr. Molotov should, however, remember what I am sure the rest of us remember—and it so happens that all four of us were in San Francisco in 1945—that the conference which created the United Nations rejected the concept of world dominance by five powers. It was, it is true, agreed that the five powers should be permanent members of the Security Council—but it was also agreed six other nations should be members of that Security Council and that, even if the five permanent members were unanimous, their action would not be effective unless it was concurred in by at least two of the so-called "small" powers. It also required that all parties to a dispute shall participate in any discussions relative to a dispute.

Mr. Molotov further stated that, if it is legitimate for the four of us to meet together and confer, it is even more legitimate for five powers to do so.

This argument, it seems, bases the legitimacy of this meeting on a false foundation. We four are not meeting here because other nations have given us or because we have usurped a right to deal generally with world problems. We four are here to deal with the problem of Germany and the problem of Austria because we are the four occupying powers. There are no other occupying powers. Therefore, the liberation of Austria and the unification of Germany depend upon us and upon us alone. We are the proper and indispensable parties. There can be no end to the occupation unless we four end it.

Had the matter at issue been the liberation of Korea from foreign troops, then Communist China would be a proper party because it is, even

though wrongfully, in occupation of a large part of Korea. The United States indeed actively seeks a Korean political conference in which Communist China would be a party. Also, of course, the Republic of Korea would have to be a party because its government, established by virtue of internationally supervised free elections, speaks for all the Korean people except those in the north who are not allowed to participate in such elections.

Futility of Five-Power Meeting

For the foregoing reasons, and for the reasons alluded to in my opening statement, the United States rejects the conception of a five-power meeting to end international tensions.

As far as Asia is concerned, Korea and Indochina constitute the principal sources of tension in the Far East. Nothing that has happened up to date enables us to say that Communist China is willing to collaborate in efforts to bring about a solution on an acceptable basis of the Korean or Indochina questions, or for that matter of any other Asian problem.

The means for settling the Korean political question with the participation of the five governments mentioned in the Soviet proposal is provided in the form of a political conference recommended by the Korean Armistice Agreement.

It is useless to speak of another Asian conference to deal with Korea so long as the so-called Chinese People's Republic with Soviet support employs all possible means to prevent the holding of the political conference which was agreed to by the Korean Armistice terms, and indeed proposed by the Chinese Communists themselves.

There already exist appropriate forums for the discussion of other matters which have been alluded to in the course of the statements made by the Soviet Foreign Minister.

If the Soviet Union finds it undesirable to avail of existing United Nations and conference procedures, there remain diplomatic channels through which any and all problems can be discussed. The United States, and, I have no doubt, also the United Kingdom and France, are prepared to discuss by means of normal diplomatic channels all points which the Soviet Government wishes to explore.

Mechanisms for Reducing Tensions

We have no desire that tensions should persist merely because there is no mechanism for allaying them. We believe that such mechanisms do exist, either through the United Nations or through conferences on specific matters which will bring together the parties in interest, or through diplomatic channels.

We are not aware of any concrete problem the solution of which would be facilitated by estab-

lishing a new mechanism consisting of the Foreign Ministers of the four powers here represented plus the Foreign Minister of Communist China. It seems to us that the proposal for a five-power conference to include the Chinese Communist regime is primarily a device to attempt to secure for that regime a position in the councils of the world which it has not earned or had accorded to it by the international community generally, including the United Nations. Certainly, this four-power conference is not the place to decide that matter.

We four have met here in Berlin to discuss two concrete problems—Germany and Austria. For this discussion we have a special and unique responsibility as occupying powers. These two problems are capable of solution and demand urgent solution.

It seems to me strange that we should be seeking to enlarge our task even before we have demonstrated that we can solve the particular tasks which primarily bring us here.

Surely, it would be wrong if, having come together for the first time in 5 years, we should fritter away our time in discussing whether and how to set up a new conference rather than in dealing with the substantive problems which the world expects us to solve.

The United States therefore proposes that we should take no action on the first agenda item and pass on to the second and third. If we can solve these two problems, then, and then only, can we stand before the world as capable of assuming other and heavier tasks. Then there will be opened up vistas of new hope.

STATEMENT OF JANUARY 29

I have no desire to use whatever little authority I have as chairman of this meeting to prevent, arbitrarily, anyone from speaking about any subject that is on his mind. I recognize that the general topic of item one is broad enough to enable us to talk about every problem in the world. I thought we had passed that item by and were getting to other business, but apparently there is not unanimous agreement to that effect.

I do feel, however, that I should make certain observations. The first is this: The United States, and I think France and the United Kingdom—although I can speak only for my own Government—came to this conference in the genuine hope that it would relax international tensions. This is the first of these conferences, the first time we four have met together in 5 years; and we hoped that this conference would show the utility of meetings of this sort. I think the United States showed that when we, at the first meeting, accepted the agenda proposed by the Foreign Minister of the Soviet Union, although that was not an agenda which we liked. We knew, however, that to debate that agenda would increase tension, and it was our

desire to allay tension. Therefore, we accepted an agenda which we did not like as a contribution to an atmosphere which we hoped would be conducive to the relaxation of tensions.

The agenda item which we accepted has as its first phrase the words "measures for reducing tensions in international relations." I think that anyone would indeed have to be a confirmed optimist to feel that the discussions so far under that item have in fact served to reduce international tensions. The charges that have been made under that item and the replies which were necessitated by those charges have, I think, not gone far to relax international tensions.

I don't believe that this conference—the first, I repeat, in 5 years—will justify itself and make it easier to maintain these channels of personal contact at a high level, unless we can do better than we have been doing so far. I believe that this conference, to justify itself, must get down to serious problems which we are competent to solve and which are peculiarly our duty to solve here in the city of Berlin, rather than to roam about the problems of the world, raising issues which we all know cannot be solved here, and the discussion of which merely increases international tension. So far, all that this conference has done—now in its fifth day of deliberations—is to discuss futilely how to create new conferences. It seems to me that if conferences can do nothing better than to create new conferences, and the new conferences do nothing better than to create more new conferences, the whole conference method will become an object of ridicule, and we with it.

I wonder whether the Soviet Foreign Minister really believes the cause of world peace will be advanced and world tension relaxed by our having to debate here a resolution which is hoary with age, being the precise resolution which was introduced into the United Nations General Assembly 2 years ago, which has been discussed and discussed without result;³ and if this conference can do nothing better than to busy itself with these already-proved abortive proposals, then I don't think we are justifying the time and effort which we are spending here, or meeting the hopes which the world places in us. There are two problems on which we could do serious constructive business, the problem of Germany and the problem of Austria. If we could solve these problems, or either of these problems, or if we could make progress toward a solution of these problems or either of these problems, or indeed if we could, like sensible people, talk about them in a serious way—any one of these things would justify our being here and would give rise to the hope that we are able to talk together in a sensible and decent way around the table. That would go far to reduce world tensions. If, on the other hand, this meet-

³ For text of the resolution as introduced at the Eighth General Assembly and an analysis by U.S. representatives, see BULLETIN of Dec. 14, 1953, p. S29.

ing is to be devoted to propaganda on well-known subjects, and the repetition of charges and counter-charges, then I doubt very much whether we will have achieved that relaxation of world tension which professes to be the first point on the agenda proposed by the Soviet Union.

STATEMENT OF JANUARY 30

This second item of our agenda deals with "the German question" and also "the problem of insuring European security." History compels us to treat these two matters together.

From this very city where we are, still largely in ruins, have been launched two world wars. Two of our four countries, France and the Soviet Union, have suffered land invasion both in World War I and World War II. The United Kingdom was invaded by air. All four of us have twice had to marshal to the full our human and material resources in order to withstand and finally to throw back the tides of German aggression.

Surely we have a vital interest to do all that is in our power to make sure that such aggressions should never occur again. Indeed, that concern is shared by the German people themselves who have suffered cruelly from militarism and tyranny from some of their own people.

The sacrifices which have been made during these two world wars have now placed in our hands a large measure of power to influence the future, for better or for worse, and to determine whether the coming years will preface a durable peace or another disastrous war.

Nine years have now elapsed since the German armistice, and peace is still unmade. In many ways, that delay is a reproach to us. But there is another side to the matter. The immediate aftermath of a bitter and exhausting war usually finds that reason is submerged by sentiments of hatred and revenge. The instinctive reaction at that time is to turn to repression as a means to future safety. But the lapse of time restores reason to its proper place and now, 9 years having passed, we should be able to invoke wisdom and statesmanship to be our guides.

The problem that we face here has two major aspects. First, there is the task of uniting Germany, and secondly, there is the task of insuring that a united Germany shall be a peaceful Germany. I shall first speak of the problem of German unification.

The partition of Germany creates a basic source of instability, and there is little merit in our talking about peace if at the same time we are perpetuating conditions which endanger the peace.

I am firmly convinced that a free and united Germany is essential to stable peace in Europe and that it is in the interest of all four nations which are represented here around this table.

How did it come to pass that there is this disunity—this disunity of Germany which is, as I

say, a danger to peace? We here are not free from responsibility in that respect, because it is the disagreement of our four nations which has created the present division of Germany. It is the disagreement of our four nations which perpetuates the present division of Germany, and it is only we who can end this division of Germany.

As I pointed out in some earlier remarks that I made, that fact—the fact that we four have a unique responsibility in Germany—should make this German problem a central theme of our work here. It can be the test as to whether or not we are really qualified to work together for peace.

There exists this partition of Germany which is a threat to the peace. It is in our power to end it. All that is needed to end it is that we should have the will to end it. If we do not have that will, then I say we may be peace-loving nations, but we are not peace-seeking nations.

Mr. Eden's Plan

Mr. Eden yesterday submitted a precise and a detailed plan to achieve the unification and freedom of Germany by an orderly series of actions that would start with free elections. It seems to us that this British proposal is clear, is reasonable, and is well-designed to achieve at the earliest practical moment a full German settlement, including a German peace treaty.

I have no doubt that our discussions here around the table, as we debate this intricate matter, may suggest the desirability of some modifications in detail of the plan which Mr. Eden has submitted and perhaps some clarifications. Certainly I think we must all have an open mind on that, and I certainly have an open mind. But I do say that in general I endorse the proposal that has been submitted on behalf of the United Kingdom and associate myself with it.

There are one or two observations which I would make, particularly suggested by some remarks that have been made by Mr. Molotov. Mr. Molotov has, for example, suggested that the proposal of the United Kingdom would be in essence an attempt on the part of the four occupying powers to impose unification upon Germany rather than letting the Germans work out their own affairs. As I read Mr. Eden's project, it would be just the contrary.

Under this proposal, the essential steps in the entire unification process, including their timing, are left up to the freely elected representatives of the German people. Who is it under this plan who will draft the new constitution? It will be the freely elected representatives of the German people. Who will set up a provisional all-German authority and later on the all-German government? The all-German national assembly. Who decides when powers shall be transferred from the existing regimes in Eastern and Western Germany to the all-German government, and what in-

ternational rights and obligations it shall assume? Again, the national assembly and the all-German government.

As I read the plan, the entire emphasis seems to be on enabling freely elected German authorities to make the crucial decisions all along the road to a final German settlement. That observation brings me to comment on another point upon which Mr. Molotov has commented, namely, this problem of free elections.

Any proper plan for German unification must provide adequate safeguards of election freedoms. This it seems is covered by the proposal that we are considering. Conditions of genuine freedom must exist not only on election day itself, but for a reasonable period of time before the votes are cast, and also after the elections, in order to insure that there shall be no reprisals, and that everyone may safely vote his convictions.

To take care of this latter point, the United Kingdom plan would maintain the supervisory machinery in operation until the all-German government assumes full control and is able to assure democratic freedoms throughout Germany in accordance with its constitution.

We can be sure that the 50 million inhabitants of Western Germany are willing and anxious to cooperate to insure such free elections. The same can be said for my Government and also, I believe, for the French and British Governments. The 18 million inhabitants of the Soviet zone deserve the same kind of assurances, and I trust that my Soviet colleague will agree to the importance of providing those assurances.

Mr. Molotov has made some observations about the pending proposal which seem to me to imply a lack of full understanding of that proposal, or possibly, I might suggest, the need of further clarification of the proposal. I will not attempt to go into those matters myself, because I am confident that Mr. Eden, who submitted the plan, will himself deal with these matters. But as I read the plan, it is not subject to the type of objections which Mr. Molotov has indicated, and I hope that, on the basis of further clarifications, he would find that the plan itself, at least in its broad outlines, is reasonable and one that we could proceed to adopt as providing a way of bringing an end to this dangerous condition of the continued partition of Germany.

Problem of Security

Let me now turn to what I referred to as the second aspect of the problem, that is the problem of security. We want Germany unified, but also we want to be sure that a united Germany will be a peaceful Germany. As I have said, the elapsed time since the armistice should enable us now calmly—and I hope wisely—to consider how best to achieve this indispensable result.

On this point, history has much to teach us. It

teaches us that a stable peace cannot be achieved by some countries imposing upon other countries discriminatory restrictions. These methods fail by their very nature. They fail because they present a direct challenge to the spirit of nationalism, and themselves. They provoke efforts to demonstrate sovereign equality. The very provisions which are designed to create controls in themselves breed international lawlessness and violence.

The tragic failures of the past should warn us not to resort here to the methods that have so often been tried and as often failed. If we do not want a revival of German militarism and an excess of nationalism, we must ourselves admit the natural and proper desire of the German people to be equals in the family of nations. We must enable them to contribute to a system of security, which, threatening none, defends all.

Our problem consists, most of all, in finding a worthy outlet for the great energy and the vitality of the German people. Whether we like it or not, that vitality is a fact. It is a fact that cannot be forcibly repressed for long, and it is a fact which need not destroy the welfare of all of Europe, but which can be brought to serve that welfare.

The essential thing is to find a way in which the energies of all of the European countries which form a natural community will be pooled in common constructive tasks rather than perverted to struggles by one to dominate the other.

That vision is already being translated into reality. Under the leadership of France, six nations of continental Europe are establishing a community. Already, the Coal and Steel Community exists. The same six countries have signed to create a defense community, and other aspects of community association are being actively explored.

U. K. Support for Defense Community

We have welcomed the steps which the United Kingdom has taken to associate itself with and support this community. The United States also, although not itself a European power, would associate itself durably with the community through the North Atlantic Treaty, which, I recall, is much more than a mere military alliance.

The Soviet Union professes to fear that this new community which is being born might be dangerous to it. This community, it is true, will make Europe healthy, more prosperous, and in that sense more strong, but that is nothing to fear if at the same time Europe is made more peaceful.

That is the purpose and that would be the sure result. No more will there be national armies to fight each other and to invade others in a quest for national triumphs. There will be only the common army so interlocked that no single member of the community could in practice commit armed aggression. There would be no more German Army. There would be no German General Staff,

and the military service of individual Germans would be closely restricted.

Such a European army could go into action only in response to great and pressing needs of self-defense. It could not be used without the concurrence of countries which themselves have had bitter experience with German militarism and which could never be a party to its revival.

The West German Federal Republic, representing over two-thirds of the German people, has eagerly turned toward the building of a European community in which its own nationalism will be submerged.

It is indeed a historic moment when the Germans have come to realize the danger to themselves and to all Europe if their energies are confined to nationalistic channels and if their future success must be measured only in terms of national grandeur. The German desire to bury the excesses of German nationalism is a desire that cannot be repulsed without grave hazards for the future.

Surely this is a matter which the four of us ought to be able to consider together with the feeling that we are bound together by the same interests. The United States credits the Soviet Union with a sincere desire to achieve security in Europe. Certainly that is our own desire. It would be a tragedy if a division between us on this matter created the very insecurity which we all would banish.

My plea is therefore that we explore this matter, not in any sense as representing opposing sides, but as a group of countries which, with the Germans, seek a single goal—the transforming of Europe from a cockpit of war to a home of abiding peace.

METHOD OF REUNIFICATION

Memorandum submitted on January 29 by Mr. Eden

German reunification and the conclusion of a freely negotiated peace treaty with a United Germany should be achieved in the following stages:

- I. Free elections throughout Germany.
- II. The convocation of a national assembly resulting from those elections.
- III. The drafting of a constitution and the preparation of peace treaty negotiations.
- IV. The adoption of the constitution and the formation of an all-German government responsible for the negotiation of the peace treaty.
- V. The signature and entry into force of the peace treaty.

I. Free Elections Throughout Germany

Free and secret elections should be held throughout Germany including Berlin at the earliest possible date. These elections must be held in conditions of genuine freedom. Safeguards must be agreed to assure this freedom before, during and after the elections. The elections must also be supervised in such a manner as to make

sure that these safeguards are observed and that the elections are properly conducted.

PREPARATION FOR ELECTIONS

a. The electoral law. The electoral law should be prepared by the four occupying powers, taking into consideration the electoral laws already drafted for this purpose by the Federal Bundestag and the Soviet zone Volkskammer. When approved, it should be promulgated throughout Germany by the four powers. Elections should take place as soon as possible thereafter.

b. Guaranties for free elections. The draft electoral law must contain provisions which will guarantee the genuine freedom of the elections. These include, amongst others: Freedom of movement throughout Germany. Freedom of presentation of candidates. Immunity of candidates. Freedom from arbitrary arrest or victimisation. Freedom of association and political meetings. Freedom of expression for all. Freedom of the press, radio and television and free circulation of newspapers, periodicals, etc. Secrecy of the vote. Security of polling stations and ballot boxes.

c. Supervision of the elections. Supervision should be carried out by a supervisory commission throughout the whole of Germany. There should be a central body with subordinate bodies at *Land* and local levels. All votes should be counted and verified at local headquarters in the presence of the supervisory commission.

i. Composition of the supervisory commission: The commission should be composed of representatives of the four powers with or without participation of neutrals.

ii. Organisation of the commission: The commission should work on a committee basis. Its decisions should be taken by a majority vote.

iii. Functions and powers of the commission: The principal task of the commission will be to insure that the elections take place in genuine freedom and in strict conformity with the provisions of the electoral law.

METHOD FOR COMPLETING THE ABOVE PREPARATIONS

The foreign ministers must in the first place agree on the principles contained in this plan. They will then give instructions accordingly to a working group consisting of the High Commissioners in Germany of the four powers or their representatives which will work out the necessary details and submit a report.

This report should include in particular:

1. A draft of the all-German electoral law.
2. Detailed recommendations regarding the supervision of the elections.

The working group should begin work not later than two weeks after the conclusion of the Berlin conference. It should submit its report to the four governments not later than one month after beginning its work.

II. The National Assembly

All-German elections will establish an all-German national assembly. The first task of this assembly will be the preparation of a constitution.

During the period between the end of the elections and full assumption of control by the all-German government it will be desirable for part of the supervisory machinery to remain in operation in order to prevent action after the elections which would impair conditions of genuine freedom under which they will have been held. Recommendations on this subject should be included in the report of the working group.

III. Drafting of the Constitution and Establishment of a Provisional All-German Authority

The national assembly will begin drafting a constitution as soon as possible after its first meeting. Meanwhile, it

may form a provisional all-German authority charged with assisting the assembly in drafting a constitution and with preparing the nucleus of future all-German ministries. If the assembly so decides the authority may also open with the four powers, on a preliminary basis, negotiations for a peace treaty.

IV. Adoption of the Constitution and Formation of an All-German Government Responsible for the Negotiation of the Peace Treaty

The constitution will be submitted to the assembly as soon as possible after the final draft has been agreed. Immediately it has been adopted, an all-German government will be formed. This government will then be responsible for the negotiation and conclusion of the peace treaty. At the same time, such other institutions as may be provided for in the constitution shall be established.

As soon as the all-German government has been formed, the national assembly will determine how the powers of the Federal government and the German authorities in the

Soviet zone shall be transferred to the all-German government and how the two former shall be brought to an end.

The all-German government shall have the authority to assume the international rights and obligations of the Federal Republic and the Soviet zone of Germany and to conclude such other international agreements as it may wish.

Until entry into force of the peace treaty each of the four powers will exercise with respect to the national assembly and the all-German government only those of its rights which relate to the stationing of armed forces in Germany and the protection of their security, Berlin, the reunification of Germany and a peace treaty.

Decisions of the national assembly and the all-German government in carrying out this plan will not require the approval of the four powers. Such decisions may not be disapproved except by majority vote of the four powers.

V. Signature and Entry Into Force of the Peace Treaty

Signatories to the treaty should include all states or the successors thereof which were at war with Germany. The treaty should enter into force when ratified by the four powers and by Germany.

Report of the Commission on Foreign Economic Policy to the President and the Congress¹

LETTER OF TRANSMITTAL

Washington, D. C.
January 23, 1954.

THE HONORABLE DWIGHT D. EISENHOWER,
President of the United States.

THE HONORABLE RICHARD M. NIXON,
*Vice President of the United States, and
President of the Senate.*

THE HONORABLE JOSEPH W. MARTIN, JR.,
Speaker of the House of Representatives.

SIRS: I have the honor to transmit to you the attached report which embodies the findings of the Commission on Foreign Economic Policy, which was constituted pursuant to Public Law 215, 83d Congress, 1st session, approved August 7, 1953, 67 Stat. 472.

The document is a composite of the thinking of the group as a whole. At times each of us might have expressed the ideas with different language or emphasis had he been writing it for himself. Where individual differences reached the point of requiring separate statement those concurrences or dissents have been included.

Participation in the work of this Commission has been a richly rewarding experience for all of

On January 23 the Commission on Foreign Economic Policy, appointed by the President and the Congress last August (BULLETIN of August 31, 1953, p. 279), transmitted its report to the President, the Vice President, and the Speaker of the House of Representatives. Printed here are the letter of transmittal, the introduction, the section entitled "The Postwar Dollar Program," and the principal recommendations concurred in by a majority of the Commission's members. The recommendations are printed under the same headings and subheadings, and in the same order, as in the report itself. The full text of the report includes additional narrative under the various headings, as well as texts of dissenting opinions and other statements by individual members of the Commission.

On January 30 Chairman Randal transmitted a minority report submitted by Representatives Daniel A. Reed and Richard M. Simpson.

Copies of the reports may be obtained from the Superintendent of Documents, U.S. Government Printing Office, Washington 25, D. C., for 35 cents and 15 cents, respectively.

the members. We have sensed the grave responsibility of world leadership which presently rests upon the United States, and have had a remarkable opportunity to survey the broad problems and opportunities with which our country is confronted in the field of foreign economic policy.

¹ H. Doc. 290, 83d Cong., 2d sess.

The time available to us for this study has been extremely short, but we have pressed our work to early termination because of the obvious urgency of the matters involved.

We submit this report without waiting for printing of the documentation prepared by the Commission's extraordinarily able staff. This material will be published as promptly as possible, and will be issued in the form of a supplement.

Very truly yours,

CLARENCE B. RANDALL,
Chairman.

INTRODUCTION

As directed by the Act of Congress under which our work has been undertaken, and guided by a sense of heavy responsibility, the members of the Commission on Foreign Economic Policy have endeavored faithfully to re-examine the international relationships of the United States in the economic field, as they bear upon the soundness of our domestic economy and the security of our citizens.

Dominating our thinking throughout, has been the sobering realization that the policies pursued and the actions taken by the United States in respect to foreign economic policy profoundly influence the destinies of all of the peoples of the world. Our Nation bears an awesome responsibility of world leadership. Though not of our seeking, it is one that we may be fated to bear for a long time to come. If we bear it with understanding, courage, and honor, we can make incalculable contributions to the cause of peace and the advancement of human welfare.

In our discharge of this responsibility, we shall find at times that our views will differ from those held by other free peoples. On such occasions we must display forbearance, but never falter in the high quality of our leadership.

Nor can we forget that the security and well-being of our own citizens are constantly at stake as we take significant steps in foreign economic policy, though the effects of such decisions may at times seem remote to the individual, or difficult of evaluation.

The responsibility which rests upon the President and the Congress to make wise decisions, and to take them promptly, is grave indeed.

How then shall our Government determine what is wise in the field of foreign economic policy?

Ours is clearly one of the most dynamic, the most resilient, the most creative economies in the world. Never has it seemed more powerful than it is today. What, therefore, could be wiser than to determine what are the sources of that strength, and then to build upon these as we play our part in the international economy?

The strength of our domestic economy requires adherence to three fundamental principles:

1. The freest possible opportunity for the development of individual talents and initiative in the utilization of private resources and through the free association of workers.

2. The maintenance of vigorous, but fair, competition.

3. The maintenance of a broad free market for goods and services.

Our primary reliance should therefore be upon the incentives of the free enterprise system, the stimulating effects of competition, and the stabilizing influence of free markets.

In moving toward a fresh release of these expansive forces, here and abroad, we must not expect to repeal history. The present fabric of our laws, the obligations which we have assumed under the necessities of national defense, the customs and traditions of our people, the basic protective standards of our laws that safeguard wages, commerce, industry, and agriculture, must all be respected. Where changes are required they must be embarked upon gradually, with every precaution possible taken to avoid dislocations in our present systems of production, and distress to individual citizens.

Changes when made must take us toward recognizable goals. We must know what we are seeking to achieve and advance steadily and intelligently toward those known objectives. We must avoid the instability of the improvised.

Boldness will be required. We have outgrown some former practices.

The larger interests of all our people must at all times be our standard of conduct.

Responsible behavior on our part, moreover, requires that we recognize our own limitations and restrict our commitments to our capabilities. Our first obligation to the world, as well as to ourselves, is to keep the United States strong. Only from that firm base shall we be able intelligently and worthily to measure up to our great responsibility in world leadership.

That from our own resources we have already poured out vast sums to help reconstruct a war-torn world, and to further our own security, is common knowledge. But the extent to which there still exists a serious distortion in our economic relationships with the rest of the world is not so clearly understood.

Basic, therefore, to any survey of our foreign economic problems is an analysis of the so-called dollar gap.

THE POSTWAR DOLLAR PROBLEM

During the period 1946 through 1953, the United States transferred to the rest of the world through gifts and loans \$33 billion of goods and services, exclusive of military items. This total

was equal to more than one-fourth of all American exports. The fact that after so large a program of assistance, carried out over so long a period, the rest of the world still finds it necessary to maintain drastic restrictions on trade and payment, directed particularly against this country, indicates strikingly the gravity of the world's dollar problem.

The average world dollar deficit of \$4 billion a year covers up large and significant fluctuations as well as a declining trend. In 1947, before the Marshall plan began, the deficit reached a peak of \$11 billion, which was reduced by almost one-half in the first 2 years of the Marshall plan. The first impact of the Korean war was greatly to reduce the deficit, to somewhat more than \$1 billion in 1950, owing largely to our heavy buying of raw materials and other goods and services from abroad. But in 1951 the pendulum swung the other way, as the European countries felt the impact of the previous great rise of raw material prices as compared with the pre-Korean level, while the raw materials exporting countries, once the buying rush had subsided, felt the effects of the shrinkage in the volume and value of their exports. In the past two years there has again been a marked improvement. For the first time since the war our foreign trade, exclusive of military exports, has come into balance; and foreign gold and dollar reserves have increased at a rate that is currently running at well over \$2 billion per year.

Of major importance for this report is the interpretation of this current improvement. There is a disposition in some quarters to conclude that the world's dollar problem has at length been solved. This conclusion gains plausibility from the fact that, with some important exceptions, the Western European countries have been making substantial economic progress. Their industrial production is now much above prewar; foreign trade, both within Western Europe and with the outside world, is also much above prewar; the internal financial situation in most of the countries has much improved and inflation has been checked; direct internal controls have been removed or relaxed and, again with some exceptions, general monetary and fiscal controls have been more effectively applied. Finally, through the Organization for European Economic Cooperation, significant headway has been made toward liberalizing trade and widening the area of multilateral trade and payment, both within Western Europe and with its overseas trading areas.

This is an impressive record, and this Commission feels confidence in its conclusion that genuine progress has been made toward establishing the conditions in which multilateral trade and payment may be made worldwide, and the dollar deficit removed, not primarily through trade and payment restrictions but in a relatively free market. But it is the Commission's view that much

yet remains to be accomplished before a dependable and durable solution of the dollar problem can be achieved.

In interpreting the current improvement, account must be taken of a number of facts. It has been accompanied by a favorable change for Western Europe in the "terms of trade"—a decline of import prices relative to export prices—due largely to the decline of raw materials prices from the high level created by the outbreak of the Korean war. Europe's terms of trade have worsened since before World War II owing, basically, to the large growth of world industrial output since prewar and to the relatively small growth of production of raw materials and food, due in part to the urge of the primary producing countries to industrialize and diversify their economies. Looking to the future, there will be a major problem of developing the raw materials needed by the continuing industrial expansion; and though in the end this may prove one of the main ways of achieving a solution of the problem of world trade imbalance, it suggests also that for a long time to come the terms of trade may continue to be one of the chief problems. Here, clearly, is an area of international policy which should command our most serious attention.

Other uncertainties arise from the fact that, owing to the direct restriction abroad of dollar imports, the potential demand for dollar goods and services, in a free market and with convertible currencies, could substantially exceed the present restricted demand. There is the further fact that the recent high level of American imports, relative to earlier years, has been closely linked with the high level of our gross national product. Experience has shown that our imports are very sensitive to our level of national income, and that any contraction here has a multiplied effect in reducing foreign exports to this country.

There is, furthermore, an element of illusion in the present apparent balanced position of our trade (apart from military exports), in that large "extraordinary" dollar expenditures are still being made by the United States in other countries. As of the end of 1953 these were running at an annual rate of about \$3 billion. These extraordinary expenditures consist of disbursements by our military and civilian establishments abroad, offshore procurement, and stockpiling. If economic aid is also included, the total of extraordinary expenditures, as of the end of 1953, was running at about the rate of \$5 billion per year. Against this total should be credited the current increase of foreign gold and dollar reserves which is running at a rate of over \$2 billion per year. There is thus a concealed dollar gap of some \$2 billion to \$3 billion annually, which would be increased if there were a change in the economic situation, such as a recession here or a deterioration in Western Europe's terms of trade. On the other hand, it should be recognized that major parts of our "ex-

traordinary" expenditures abroad are connected with our defense effort, and that the Western European countries' own defense programs affect adversely their trade position, by increasing their essential imports and by absorbing resources that would otherwise be available for expanding their exports.

Surveying the postwar experience as a whole, the Commission believes, as already stated, that much remains to be done to achieve a dependable international balance. It believes that the problem must be attacked on many fronts and that too much dependence should not be placed on any one line of attack. There is no single or simple solution. The final solution will probably depend even more upon the efforts of other countries than upon our own. It will involve their continuing internal efforts to achieve sound and strong economies and their external efforts to correct their international imbalance.

This report, however, is primarily concerned with the steps that this country can take toward solving the world's dollar problem, steps that will be consistent with our own political, economic, and security interests. Or, to employ the language of the statute under which this Commission was organized, this report must deal with the enlargement of international trade in a manner consistent with a sound domestic economy.

RECOMMENDATIONS

Foreign Aid and Technical Assistance

ECONOMIC AND MILITARY AID

The Commission recommends that economic aid on a grant basis should be terminated as soon as possible.

For the military purpose of offshore procurement to be served effectively, the Commission recommends that contracts for the production of military equipment be placed abroad on the basis of the considerations of cost, availability, and quality of the items purchased that govern effective procurement policy at home, or on broad strategic judgments concerning the character and location of the military production base on which the success of the joint defense effort depends. The offshore procurement program should not be used as a form of general economic aid.

The Commission recommends further that where support is needed to maintain military forces or to conduct military operations connected with our own security beyond the economic capacity of a country to sustain, grants should be made, not loans.

In other cases where substantial economic aid is necessary in the interest of the United States but cannot be obtained from private or international sources, loans should be made, not grants.

TECHNICAL ASSISTANCE

The Commission recommends that within the limits imposed by congressional appropriations, the need for selecting only sound projects, the availability of trained technicians, and good administration, the technical cooperation program be pressed forward vigorously. It need not and should not become a "big money" program and should not involve capital investments.

The Commission also recommends that the United States continue its support of the United Nations Expanded Technical Assistance Program and the small program of the Organization of American States, through which the technical skills of many countries can be better mobilized and some dependent area and regional problems can be more effectively approached than through bilateral programs.

United States Foreign Investment

THE CONDITIONS CONDUCTIVE TO PRIVATE INVESTMENT ABROAD

The Government can and should give full diplomatic support to the acceptance and understanding abroad of the principles underlying the creation of a climate conducive to private foreign investment.

The United States Government should continue to use the treaty approach to establish common rules on the fair treatment of foreign investment.

United States antitrust policies should be restated in a manner which would clearly acknowledge the right of each country to regulate trade within its own borders. At the same time it should be made clear that foreign laws or established business practices which encourage restrictive price, production, or marketing arrangements will limit the willingness of United States businessmen to invest abroad and will reduce the benefits of investment from abroad to the economies of the host countries.

The United States Government should make clear that primary reliance must be placed on private investment to undertake the job of assisting in economic development abroad. It should point out that United States resources for public loans are limited and inadequate in relation to total investment needs, and that public lending or other forms of public financing will not be a substitute for private investment.

U. S. TAXATION AND INVESTMENT ABROAD

(1) *Rate Reduction.*

The Commission recommends that there be a reduction in the corporate tax rate by at least 14 percentage points on income from investment abroad.

. . . the Commission recommends that the Congress seek to provide to individuals who invest

abroad—by means of a rate reduction, a foreign tax credit, or some other device—preferential tax treatment comparable to that already recommended for corporate investors.

(2) *Removal of Certain Restrictions on Foreign Tax Credits.*

The Commission recommends that the Congress remove several restrictions which now prevent a person who invests abroad from offsetting in full against his domestic tax the appropriate foreign taxes.

(a) Under present law a United States corporation owning 10 percent or more of the voting stock of a foreign corporation may credit against its United States tax on the dividends received from the foreign corporation a proportionate share of the foreign income taxes paid by the foreign corporation on the earnings from which the dividend was distributed. This 10 percent ownership requirement should be reduced or eliminated if satisfactory administrative standards can be devised for dealing with smaller holdings. Provision should be made for the investment trusts, not only to receive, but to pass on to the individual shareholder the credit for foreign taxes available to individual investors.

(b) The foreign tax credits are also limited to income taxes and to taxes in lieu of a tax on income. This requirement that the foreign country have a general income tax to which the investor would be subject in the absence of a special provision applicable to him has clearly been too restrictive. The interpretation of what taxes are in lieu of income taxes should be liberalized in this and other respects.

(c) The Commission recommends further that the "over-all" limitation on foreign tax credits be eliminated.

(3) *The Choice of Form of Investment Abroad.*

In the view of the Commission, United States tax law should not penalize investors for adopting the form of organization dictated by local laws or business conditions abroad. In order to reduce the possibility of such penalties the Commission recommends that a United States corporation be allowed the option of treating any direct foreign investment either as a branch or a subsidiary for United States tax purposes, regardless of which of the two forms of organization is actually chosen for operations abroad. The choice of treatment for tax purposes should be binding, however, until for good cause the United States Treasury allows a change.

GOVERNMENT GUARANTY OF PRIVATE INVESTMENT ABROAD

The Commission therefore recommends that the program of guaranties against expropriation or inconvertibility of exchange be given a further period of trial and that during this period guar-

anty coverage on a discretionary basis be authorized for the risks of war, revolution, and insurrection on new investments abroad.

Problems of Agriculture and Raw Materials

CONFLICT BETWEEN FARM POLICIES AND ENLARGEMENT OF INTERNATIONAL TRADE

In the opinion of the Commission, it is necessary to harmonize our agricultural and foreign economic policies without sacrificing the sound objectives of either.

STEPS TOWARD RECONCILIATION OF FARM AND TRADE POLICIES

The Commission recommends that during the life of the 1953 International Wheat Agreement its operation be kept under critical review, that efforts be made to make the organization contribute its maximum to solving pressing problems, and that its termination in 1956 be given consideration.

In the application of import restrictions on farm products, the level of those restrictions should be set with full regard for the effects on overseas buying power and the possibility that such restrictions may lead to retaliation and may be self-defeating.

The Commission believes that a dynamic foreign economic policy as it relates to agriculture cannot be built out of a maze of restrictive devices such as inflexible price-support programs which result in fixed prices, open or concealed export subsidies, import quotas at home and abroad, excessive use of tariffs here and abroad, exchange restrictions, and state trading. If we are to have a foreign economic policy which will make its best contribution to the strengthening of our long-term development of foreign markets for farmers, we must move as rapidly as feasible toward the elimination of such devices as a part of, or supplement to, our own agricultural policy.

INSTABILITY OF RAW MATERIALS PRICES

The Commission does not believe that extensive resort to commodity agreements will solve the problem of price instability; and it believes that such agreements introduce rigidities and restraints that impair the elasticity of economic adjustment and the freedom of individual initiative, which are fundamental to economic progress.

The Commission finds the same objections to the proposals for unilateral buffer stock action by the United States to stabilize world prices of raw materials and foodstuffs.

The Commission believes that the constructive contributions that the U. S. Government can make toward greater stability of world prices are:

(1) measures tending to relax or remove impediments to United States foreign trade and to encourage other countries to move in the same direction;

(2) a policy of encouragement of diversification of the economies of the countries now excessively dependent upon a small number of products, and of encouragement of the governments of those countries to pursue policies likely to attract foreign investors to participate in the works of diversification;

(3) avoidance of actions incidental to our own commodity control and stockpile programs that would have avoidably disruptive effects upon world prices;

(4) continued consultation and cooperation with other nations to improve knowledge of world supply and demand for materials and foodstuffs, and to explore possible means of lessening instability; and

(5) policies which will temper the fluctuations of our domestic economy, which exert great influence upon the course of world prices.

United States Dependence on Imported Materials

RAW MATERIALS

The Commission believes that the most effective contribution which the United States Government can make to the development of the foreign sources of raw materials in which we and the free nations generally are deficient, is to follow policies favorable toward private investment abroad (as recommended earlier in this report), and to advocate among nations adherence to principles and practices hospitable to foreign investors and conducive to thrift and investment by their own nationals. One principle in particular must be stressed: Investors in the development of sources of needed materials must be assured against frustration of their ventures by unpredictable or capricious levies on exports or production by the countries of origin. Also our tariff policy toward the needed materials should be such as to offer them reasonably easy access to the United States market.

SECURITY CONSIDERATIONS

The Commission recommends that tariffs or other import restrictions on raw materials should be determined on economic grounds. Upon a finding by the Executive that it is necessary on solely military grounds to assure a strictly domestic source of supply, the Commission recommends that the purpose should be accomplished by other means, the cost of which should be borne in the defense budget.

Tariffs and Trade Policy

The Buy American Act and legislative provisions of other acts containing the Buy American principle should be amended to give authority to the President to exempt from the provisions of

such legislation the bidders from other nations that treat our bidders on an equal basis with their own nationals. Pending such amendment, the President by Executive Order should direct procurement agencies in the public interest to consider foreign bids which satisfy all other considerations on substantially the same price basis as domestic bids.

Congress should direct the President to have the Tariff Commission undertake a study of the tariff schedules immediately, with the stated purpose of framing proposals for the simplification of commodity definitions and rate structures; this study should be completed within a definite time period and the Tariff Commission should be provided during this period with an appropriately enlarged staff. Congress should empower the President, on the basis of such recommendations, to proclaim such changes in commodity definitions and changes in rates as he determines to be appropriate, provided that such changes do not materially alter the total of duties collected pursuant to any group of rates affected by such simplifying changes when calculated on imports in a specified base period.

The Department of the Treasury should formulate proposals designed to simplify the problem of classifying articles not enumerated in our tariff schedules. To that end, consideration should be given to eliminating the multiple and conflicting standards which now apply in the classification of such articles, such as "similitude" and "component of chief value," and developing a single standard of classifications for the widest practicable application.

The Senate should promptly consider H. R. 6584 now before it, which would amend and improve the customs valuation provisions of our law by eliminating so-called "foreign value" as a basis of valuation and by other simplifying changes. In addition, the Department of the Treasury should be directed to make a study and report to the Congress on the feasibility and effect of making greater use of the actual invoice price of imported goods for valuation purposes in transactions between a buyer and a seller who are independent of each other. In that connection it should also consider and report upon the feasibility of making more efficient use of the "anti-dumping" law.

The Department of the Treasury should be directed to make a continuing study of difficulties and delays in customs administration and to report the results of its studies each year to the Congress, together with any proposals for legislative action.

a. The first of the regular reports herein recommended should indicate those detailed administrative provisions of the tariff laws which should be modified so that adequate discretion can be granted to the Secretary of the Treasury to insure the greatest possible speed and efficiency of administration in the operation of customs.

b. The first report should also set forth progress made through recent administrative action in simplifying customs procedures, including measures taken in accordance with the Customs Simplification Act of 1953.

In connection with the application of antidumping duties, the task of determining, in accordance with the provisions of existing law, "that an industry in the United States is being or is likely to be injured . . ." by foreign dumping, should be transferred from the Department of the Treasury to the Tariff Commission. The Department of the Treasury should be directed to study and report to the Congress on any statutory amendments which may be needed to permit the continuance of shipments pending investigation of suspected dumping; and at the same time it should report on any measures needed to effect speedier and more efficient operation of antidumping provisions in proper cases.

The President should study appropriate methods to assure that American industry is not injured by embargoes upon or other impediments to exports of raw materials to the United States for use in processing here. In this connection, he should direct the Department of the Treasury to review the effectiveness of existing countervailing-duty provisions of the law, should consider any alternative measures which may be available for achieving this purpose, and if necessary should make appropriate recommendations to the Congress.

Our policy of nondiscrimination in trade matters, as reflected in our unconditional most-favored-nation policy, should not be changed.

The organizational provisions of the General Agreement on Tariffs and Trade should be renegotiated with a view to confining the functions of the contracting parties to sponsoring multilateral trade negotiations, recommending broad trade policies for individual consideration by the legislative or other appropriate authorities in the various countries, and providing a forum for consultation regarding trade disputes. The organizational provisions renegotiated in accordance with this recommendation should be submitted to the Congress for approval either as a treaty or by joint resolution.

The President's power to negotiate trade agreements under the Trade Agreements Act and to place them in force should be extended for not less than 3 years, with appropriate safeguards. Such a period should give time for considering the effects of the recommendations for action here and of the actions taken abroad to restore multilateral trade and payments as in the past, and for Congress to give adequate consideration to the renegotiated organizational provisions of the General Agreement on Tariffs and Trade, as recommended above. Consideration should then be given to extending the Trade Agreements Act for a longer

period than 3 years, with such safeguards as experience then indicates to be necessary.

The President should be delegated broad powers under the Trade Agreements Act to enter into multilateral negotiations looking toward a reduction of tariff rates on a gradual basis. The President's power to increase rates should not thereby be curtailed. The President should be authorized for the 3 years following the renewal of the act to reduce tariff rates to the following extent:

a. Pursuant to multilateral trade agreement negotiation, the President should be authorized to reduce existing tariff rates by not more than 5 percent of present rates in each of the first 3 years of the new act.

b. On the basis of information provided by the Tariff Commission, the President should be authorized, with or without receiving reciprocal concessions, to reduce tariffs by not more than one-half of rates in effect January 1, 1945, on products which are not being imported or which are being imported in negligible volume. Any such reductions should be made in steps spread over a period of 3 years.

c. The President should be authorized to reduce to 50 percent ad valorem, or its equivalent, any rate in excess of that ceiling, except that any such reduction should take place by stages over a period of 3 years.

d. Reductions in rates pursuant to the foregoing should not be cumulative as to any commodity.

e. In the exercise of these powers, the existing prenegotiation procedures, including public notice and hearings before the Tariff Commission and before an interdepartmental committee, should be followed and peril point determinations should be made. Moreover, the provisions of the escape clause should apply to tariff reductions made under this authority.

In extending the tariff-negotiating authority of the President, the Congress should direct that in future negotiations subdivisions of classification categories which would give rise to new confusion or controversy over classification be avoided to the maximum extent possible.

The President should make an annual report to the Congress on the operation of the trade agreements program including information on new negotiations undertaken, changes made in tariff rates, and reciprocal concessions obtained.

The escape clause and the peril point provisions should be retained. However, the statute should be amended expressly to spell out the fact that the President is authorized to disregard findings under these provisions whenever he finds that the national interest of the United States requires it.

The same standards of sanitation and health should be applied to imported as to domestic goods. Plants and animal quarantine provisions should be maintained. The desirability of consulting with other countries, with a view to cre-

ating greater understanding abroad of the standards being enforced by the United States, should be studied.

Related Problems of Trade Adjustment

EAST-WEST TRADE

First, the present ban on exports by the United States to Communist China and North Korea and our efforts to secure similar action by others must continue until the present threats to our security and that of other free nations in those areas have been removed.

Secondly, our present efforts to prevent exports to the European-Soviet bloc that might contribute to its military strength must continue until genuine peace is assured.

The Commission therefore recommends that, so far as it can be done without jeopardizing military security, and subject to the embargo on Communist China and North Korea, the United States acquiesce in more trade in peaceful goods between Western Europe and the Soviet bloc.

MERCHANT MARINE POLICY

The Commission recommends that the determination of the active merchant fleet requirements of the United States for the purposes of the Merchant Marine Shipping Act of 1936 take account of the availability of foreign vessels and of the importance to the balance of payments of foreign maritime nations of their dollar earnings from shipping services. It recommends that such requirements be determined by a high-level interdepartmental committee within the United States Government, based upon these considerations as well as those enumerated in the act.

The Commission recommends that the statutory provisions requiring use of United States vessels for shipments financed by loans or grants of the United States Government and its agencies be repealed and that support sufficient to maintain a merchant marine adequate to our national requirements be provided by direct means, such as those provided for under the Merchant Marine Shipping Act of 1936.

TOURISM

The Commission recommends consideration of means of facilitating the issuance of passports and visas to tourists, and close cooperation with foreign governments through our missions abroad to insure ease of entry and adequacy of accommodation for travelers abroad. The duty-free allowance for tourists which, in effect, now amounts to \$500 exercisable once every 6 months, should be increased to \$1,000. The President should direct

the appropriate departments of the Government to encourage the promotion of tourism.

Currency Convertibility

The Commission believes that the decisions, the methods, the time table, and the responsibility for introducing currency convertibility should rest on the countries concerned. It recognizes, however, that currency convertibility must be examined in the light of the policies pursued by other countries, particularly the United States; and it believes that the recommendations in the preceding sections of this report, if carried out, would encourage and assist foreign countries in removing restrictions on trade and payments as rapidly as prudence permits.

The Commission believes that convertible currencies constitute an indispensable condition for the attainment of world-wide multilateral trade and the maintenance of balanced trade in a relatively free market. It would deplore a merely formal convertibility maintained through trade restrictions. It believes that the removal of restrictions upon payment and upon trade should go hand in hand. It favors gradual but positive progress toward currency convertibility.

. . . the Commission's view is that for the purposes of a gradual and controlled approach to full convertibility . . . adequate reserves could be found through a much more active utilization than heretofore of the International Monetary Fund's holdings of gold and convertible currencies which now amount to \$3.3 billion.

As a second means of strengthening foreign reserves and of providing foreign exchange support operations to assist in the gradual attainment of general convertibility, the Commission recommends that the Federal Reserve System explore with foreign central banks the possibilities of standby credits or line of credit arrangements.

CONCLUSION

In closing this report and in submitting the foregoing conclusions and recommendations to the President and the Congress, the Commission wishes to stress the importance of consistency and continuity with respect to our foreign economic policy. Our position of leadership in the world requires that we make clear to other countries the principles upon which our policy is based, and that thereafter we seek to maintain stability in our policy in order that the mutual confidence so urgently required in the field of international trade may be advanced. This stability requires high level coordination of policy within the executive branch of the Government, and consistency of action within the legislative branch.

Randall Report Transmitted to Department Heads

*Statement by James C. Hagerty
Press Secretary to the President*

White House press release dated January 23

The President today received from Clarence B. Randall, Chairman of the Commission on Foreign Economic Policy, the Commission's "Report to the President and the Congress."¹

Immediately upon receipt of the report, the President transmitted it to the heads of the executive departments and agencies with responsibilities in the area of foreign economic policy, accompanied by the following memorandum:

With this letter, I am transmitting a copy of the Report to the President and the Congress by the Commission on Foreign Economic Policy. The Commission, as you know, was set up, at my request, by the Congress to study and report on the over-all foreign economic policy of this country.

I am anxious that Executive Departments and Agencies with responsibilities in the area of foreign economic policy proceed immediately with an intensive review of this report as a first step in the formulation of a unified Administration program to be submitted to the Congress for its attention during the current session.

I am confident that, on the basis of the Report, it will be possible to develop a program that will advance the best interests both of the United States and of the free world.

DWIGHT D. EISENHOWER

President's Views on Treaty Making

*Following is the text of a letter dated January 25 from President Eisenhower to Senate Majority Leader William F. Knowland setting forth the President's views with respect to the treaty-making functions of the Federal Government:*²

In response to your inquiry, I give the following as my attitude toward the proposal for amending the treaty-making functions of the Federal Government.

I am unalterably opposed to the Bricker Amendment as reported by the Senate Judiciary Committee. It would so restrict the conduct of foreign affairs that our country could not negotiate the agreements necessary for the handling of our business with the rest of the world. Such an amendment would make it impossible for us to deal effectively with friendly nations for our mutual defense and common interests.

¹ At his press conference on Jan. 27, the President announced that Mr. Randall would serve as special White House consultant, to assist in the formulation of specific recommendations regarding the substantive areas covered by the report.

² *Cong. Rec.* of Jan. 28, 1954, p. 898. For a previous statement by the President regarding proposals to amend the Constitution with respect to the making of treaties and other international agreements, see BULLETIN of Aug. 10, 1953, p. 192.

S. J. Res. 1¹

JOINT RESOLUTION

Proposing an amendment to the Constitution of the United States, relating to the legal effect of certain treaties and executive agreements.

RESOLVED by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following article is proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three-fourths of the several States:

"ARTICLE —

"SECTION 1. A provision of a treaty which conflicts with this Constitution shall not be of any force or effect.

"SEC. 2. A treaty shall become effective as internal law in the United States only through legislation which would be valid in the absence of treaty.

"SEC. 3. Congress shall have power to regulate all executive and other agreements with any foreign power or international organization. All such agreements shall be subject to the limitations imposed on treaties by this article.

"SEC. 4. The Congress shall have power to enforce this article by appropriate legislation.

"SEC. 5. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of three-fourths of the several States within seven years from the date of its submission."

¹ As reported by the Committee on the Judiciary on June 15 (legislative day, June 8), 1953 (Sen. Rept. 412, 83d Cong., 1st sess.).

These matters are fundamental. We cannot hope to achieve and maintain peace if we shackle the Federal Government so that it is no longer sovereign in foreign affairs. The President must not be deprived of his historic position as the spokesman for the nation in its relations with other countries.

Adoption of the Bricker Amendment in its present form by the Senate would be notice to our friends as well as our enemies abroad that our country intends to withdraw from its leadership in world affairs. The inevitable reaction would be of major proportion. It would impair our hopes and plans for peace and for the successful achievement of the important international matters now under discussion. This would include the diversion of atomic energy from warlike to peaceful purposes.

I fully subscribe to the proposition that no treaty or international agreement can contravene the Constitution. I am aware of the feeling of many of our citizens that a treaty may override the Constitution. So that there can be no question on this point, I will gladly support an appropriate amendment that will make this clear for all time.

Sincerely,

DWIGHT D. EISENHOWER.

Some Recent Developments in International Law of Interest to the United States

by Herman Phleger
Legal Adviser¹

It is a great pleasure to meet with you today. Though I have practiced for more years than I care to admit, it has been principally in California and the West and in Washington. All my life I have been brought up on the legend of the skill and invincibility of the Philadelphia lawyer: of John G. Johnson, and in later days of Senator Reed and Senator Pepper and Mr. Justice Roberts. Of course the term Philadelphia lawyer applies to any Pennsylvania lawyer. So I am glad of the opportunity, at last, to meet face to face the lawyers who in the general acceptance of the country exemplify the finest traditions of our profession.

I will speak to you briefly today on some of the current problems of the United States in the field of international law and some recent developments that may be of interest.

International law has been defined as those rules for international conduct which have met general acceptance among the community of nations. It reflects and records those accommodations which, over centuries, states have found it in their interest to make. It rests upon the common consent of civilized communities. It is not to be found in any code. It is made up of precedent, judicial decisions, treaties, arbitrations, international conventions, the opinions of learned writers in the field, and a myriad of other acts and things, which represent in the aggregate those rules which enlightened nations and their people accept as being appropriate to govern international conduct. It is constantly changing, and expanding, as modern science shrinks the world and brings its peoples into ever closer contact.

Skeptics define international law as the rules which countries obey if they feel like it. Some go even further—they say there is no such thing as international law.

But there is such a thing as international law.

¹ Address made before the Pennsylvania Bar Association at Harrisburg, Pa., on Jan. 22 (press release 26 dated Jan. 21).

It has had a long and honorable, though chequered, career. I predict that it will play an even more important part in world affairs in the future than it has in the past. Indeed, in this rapidly shrinking world, it becomes increasingly evident that our survival may depend upon our success in substituting the rule of law for the rule of force.

When we speak of international law, we realize of course that it is made up of two distinct, though related, subjects: Public international law and private international law. The first is usually referred to as the law of nations, with sovereign states as its subjects.

Private International Law

The latter, private international law, is commonly called the conflict of laws. It is an aspect of private law which involves such juridical relations between individuals as transcend the sphere of national law and, therefore, is not international law in the true sense.

You all have had experience with problems of conflicts of laws arising out of interests flowing across the boundaries of the several States of the Union. Many of you have had cases involving interests which transcend our national boundaries and thus in the realm of private international law.

It seems fair to say that international conflicts of laws problems are usually more difficult to solve than those arising out of differences in the laws of the several States of the Union. For example, consider the problems that might arise out of a contract negotiated in New York, signed in Massachusetts, and performed in Pennsylvania. Contrast this with a contract negotiated in New York, signed in France, and to be performed in Japan. There the divergence of legal systems, the problems of jurisdiction, and the lack of a "full faith and credit clause" are just a few of the additional problems that must be met.

Because of our Constitutional federal-state relationship, the participation of our Federal Government in the field of private international law is

limited. Efforts toward uniform laws in the foreign field as well as in the domestic field have been largely confined to private groups. The American and State Bar Associations, the American Law Institute, the American Society of International Law, and the American Arbitration Association have been active in this field.

This is not to imply that the Federal Government in general and the Department of State in particular are not active in the field of conflict of laws. On a day-to-day basis the State Department and its officers overseas perform numerous tasks indispensable to the functioning of legal systems across national boundaries. Some of these are of a procedural nature, such as the taking of testimony by our consular officers abroad, and extradition to and from the United States of persons charged with crimes.

But the Department also participates in the development of the substantive law of conflicts, particularly in fields falling within the province of the Federal Government, such as interstate and foreign commerce. For example, in the field of maritime commerce, the Department has encouraged legislation in conformity with maritime law and the adjective law of the great trader nations. It has also negotiated important multilateral treaties on this subject such as the Carriage of Goods by Sea Act (49 Stat. 1207) and the Convention on Safety of Life at Sea (50 Stat. 1121).

As you know, American companies are the world's greatest operators of international airways. Many of their planes are mortgaged to banks which have financed their construction and acquisition, and as they operate all over the world, the question of maintaining the validity and priority of such mortgages is essential.

In order to secure recognition by other nations of rights, mortgages, and interest in aircraft, this country negotiated an international Convention on the International Recognition of Rights in Aircraft. Thus far three countries have ratified the convention, but it is hoped that in the near future many more will ratify.

The heart of the convention is contained in article I, which provides that the rights in aircraft—including rights acquired through purchase, lease, or mortgage—shall be recognized by the contracting states if the rights have been constituted and recorded in accordance with the law of the state in which the aircraft is registered. All rights must appear in the same record. The order of priority for satisfying claims in connection with recorded rights is fixed by national law. No transfer can be made from the register of one party to another until all holders of recorded rights have been satisfied or agree to the transfer. There are also provisions dealing with other phases of the application of national laws, salvage operations, fleet mortgages, and so forth.

In most activities in the field of private international law, the State Department and other

government agencies cooperate with the private groups interested in the same subjects. We work closely with the American Bar Association's section on international and comparative law and the various committees of that section. For example, two of the important items considered by the ABA at its most recent convention in Boston parallel similar projects of the State Department.

One of these is the development of practical methods of international cooperation in such bread-and-butter fields as securing the service of judicial documents on nonresidents, and obtaining information on foreign law.

Most of you know only too well the difficulties that one is apt to encounter in regard to these problems. In many parts of the world it is virtually impossible to serve a paper on a non-American without the costly aid of a foreign lawyer. Nor are the problems of foreigners abroad with similar matters in this country free of difficulty and delay.

Problems in this field are becoming increasingly important as the United States expands its commerce and investments abroad. Litigation across national boundaries grows rapidly. In 1939 there were 13,239 Americans residing abroad. In 1952 it was estimated that there were more than 500,000.

Historically the United States has been backward in the field of international judicial assistance. The status of judicial assistance in matters relating to common law countries is bad, but it is infinitely worse as respects those countries which have legal systems greatly divergent from our own, and this includes the great majority.

While provisions have been inserted in some treaties intended to aid in this field, a much more practical and fruitful approach would seem to be the fostering of uniform laws in this field through cooperative international study and discussion.

Today the problem is being attacked in this country on at least two fronts simultaneously. One endeavor concerns our participation in the work of the Inter-American Council of Jurists. At its latest meeting in Buenos Aires in 1953, the Council adopted a report which "urged that the objective in this field should be that the end product should consist of rules suitable as guidance for inclusion in the internal legislation of the American Republics, with a view to the attainment of greater uniformity of legislation and procedure."

The report formulates eight rules or principles on the subjects of letters rogatory, service of process and the gathering of evidence abroad, and the role of consular and other foreign officials in judicial assistance. The Council stressed the need for further study before any concrete steps were taken. It was the preliminary conclusion of that body that progress in the field could best be made by the adoption of uniform laws rather than through the conclusion of treaties.

The American Bar Association considered this problem at its recent session in Boston. It recommended the implementation of a plan originally

suggested by the Attorney General at the Judicial Conference in September of 1952. This provides for study of this problem by two groups. One, a small Presidential commission consisting of representatives of the Department of State, the Department of Justice, and of the judicial branch of the Government. The other, a larger advisory committee composed of law professors and practicing lawyers. It is hoped that these groups can soon be established and bring early progress in this field.

Public International Law

Developments in the field of public international law, the law of nations, provoke far more public interest than do those in the field of conflict of laws.

NATO STATUS OF FORCES AGREEMENT

During the last year, one question of international law that has long been debated has been brought nearer to definitive solution by the ratification of the Status of Forces Agreement between the 14 nations making up the North Atlantic Treaty Organization. This treaty determined the status of foreign military forces in friendly territory in time of peace, as among the 14 Atlantic treaty members.

The Status of Forces Agreement, which was concluded in June 1951 between all of the 14 North Atlantic Treaty powers, derives its name and its reason for being from the fact that underlying the basic North Atlantic Treaty is the intention of stationing troops of one contracting sovereign in the territory of another and the free movement of such troops between and through the territories of others in peacetime.

The presence of foreign troops in a country is no novelty in wartime. But this is the first time that in peacetime foreign troops have been stationed for long periods in other sovereign countries. The presence of these forces, with their equipment, created many problems, which had to be regularized for the sake of orderly administration and effective functioning. As a result, the Status of Forces Agreement was negotiated at the instance of the military authorities.

The Status of Forces Agreement is reciprocal in its operation; that is, the rights which one nation secures for its troops abroad, it must give to foreign troops on its own soil. The rights United States troops are given by France in France, must be given by the United States to French troops in the United States. Only on this basis could the treaty be negotiated, for no sovereign nation was willing to give rights to a foreign nation that that nation was not willing to give in return.

One of the articles of the agreement covered the question of criminal jurisdiction over the troops of one NATO power when present in the territory

of another. In substance, it provided that, when a soldier committed a crime in the performance of duty, he was triable by the courts-martial of his own country, but that for any crimes he might commit off duty he was triable in the courts of the country where he was stationed.

This provision was challenged as being a surrender to foreign countries of this country's exclusive right to try its troops by its own courts-martial, even though the crime was committed in a foreign state by our troops located there. Speeches and articles charged that the United States had delivered its GI's into the jurisdiction of foreign courts contrary to a claimed principle of international law, to the effect that foreign troops in a country with the consent of its sovereign were completely immune from the criminal jurisdiction of its courts.

This important question of international law was raised when our Senate was considering the treaty. It resulted in a thorough exploration of the question and an opinion by the Attorney General confirming the view of the Secretary of State that there was no such principle of international law. He held that foreign troops were subject to the criminal jurisdiction of the sovereign where the crime was committed, in the absence of an agreement by that sovereign relinquishing such jurisdiction.

Such a principle of immunity as was claimed to exist, if it is to be defended at all, must obviously be shown to be a recognized exception to the general principle that the territorial sovereign has jurisdiction over all persons within its territories. Everyone knows that some exceptions do exist—the immunity of ambassadors is a well-known one, as is the immunity of foreign vessels of war. Each such exception, however, stands or falls by the test of whether it is recognized and practiced by the community of nations. Exhaustive examination of authorities and precedents from many countries of the world failed to reveal even one instance where any court had decided in favor of the existence, as a matter of international law, of such an immunity for members of foreign forces.

Nevertheless, this supposed immunity has had a long and vigorous life among the older text writers, and one wonders how this could be, in the absence of precedent. One reason, I suppose, is the tendency of writers in the international law field to give much weight to the views of earlier scholars, even in the presence of the contrary practices of nations. However, the persistence of this unsupported doctrine is a tribute to the great influence of our Chief Justice Marshall.

In the case of *The Schooner Exchange* (7 Cranch 116 (1812)), he decided that foreign vessels of war were not subject to the *in rem* jurisdiction of American admiralty courts. To reach this result he reasoned that while the jurisdiction of the territorial sovereign was "necessarily exclusive and absolute," there were certain exceptions to this rule based on the consent, express or implied,

of the territorial sovereign. As examples, he cited the immunity of ambassadors, foreign sovereigns, and foreign troops permitted to pass through the territory. By analogy to these "implied waivers," which he rested upon the principle of the consent of the sovereign, he concluded that foreign war vessels were exempt. The status of foreign troops was not the issue of the case, and the Chief Justice's statement regarding their immunity was by way of example only.

But Marshall's passing dictum was adopted verbatim and set forth as law by the first systematic American writer on international law, Henry Wheaton. It was copied and enlarged upon by other writers of the time. Since then, no discussion of this subject is complete without a reference to *The Schooner Exchange*.

Despite one's respect for Marshall dicta, decisions are more authoritative than dicta, and the practice of nations has more weight than the opinions of writers. As the Permanent Court of International Justice said in the case of the *S. S. Lotus*, ". . . the words 'principles of international law,' as ordinarily used, can only mean international law as it is *applied* between all nations belonging to the community of states."

An examination of the actual practice showed that the existence of the immunity has been limited to acts in the course of duty by the courts of Greece, Panama, and Brazil. Immunity in regard to acts outside the course of duty has been denied by the courts of Australia, England, Canada, and France, and the Mixed Courts of Egypt. No decision recognized the existence of the alleged immunity. Denied by many, and affirmed by none, the alleged immunity obviously cannot be a principle of international law, and the Attorney General's paper on the subject entitled "International Law and the Status of Forces Agreement" so concluded. That paper, incidentally, has been reprinted in the December issue of the *Columbia Law Review* (53 Col. L. R. 1091).

After careful debate, the Senate gave its consent to the ratification of the treaty by a vote of 72-15, and another principle of international law, long the subject of dispute, was well on its way to general recognition. In such ways, over the years international law has been developed and determined.

In the field of public international law, some of the development takes place in bilateral negotiations and some in regional organizations such as NATO and the Organization of American States. I have already outlined some of these developments. However, the major effort at codification and progressive development today is in the United Nations.

INTERNATIONAL COURT OF JUSTICE

As you know, the principal judicial organ of the United Nations is the International Court of Jus-

tice at The Hague, which is the successor to the Permanent Court of International Justice, which existed for many years before the U.N. was founded. In the past few years the Court has decided several important cases, including the Anglo-Norwegian Fisheries case, the Franco-American case dealing with rights of American citizens in Morocco, and some aspects of the Anglo-Iranian oil dispute.

At present, the United States is interested in two matters pending before the Court. The first concerns the disposition of a quantity of gold bullion which was taken from Albania by the Italians, then from Italy by the Germans, and finally from Germany by the victorious allies of World War II. Great Britain and Italy currently are contending for this gold, with the United States a nominal party. The Italian claim is based upon Albanian postwar confiscation of Italian property, but Britain asserts a superior claim because of a judgment which it secured against Albania in the International Court of Justice in the *Corfu Channel Case*, which you will recall arose out of damage to a British destroyer by Albanian mines in the Corfu Channel.

The second matter is the request by the General Assembly of the United Nations for an advisory opinion on certain questions concerning the payment of awards to United Nations employees dismissed by the Secretary-General. You will remember that some months ago the Secretary-General dismissed certain employees who are United States citizens because they refused, on grounds of possible self incrimination, to answer questions posed by a congressional committee regarding any past or present Communist affiliations or subversive activities. The United Nations Administrative Tribunal awarded compensation to the employees in the amount of \$170,000 for these discharges. The Court's opinion is asked as to whether the United Nations General Assembly has the right to refuse to give effect to these awards.

INTERNATIONAL LAW COMMISSION

The United Nations body charged with the codification and progressive development of international law is the International Law Commission, a subordinate organ of the General Assembly. The Commission, which meets for several months annually, is composed of 15 eminent international lawyers and jurists.

Its conclusions and recommendations are reported annually to the General Assembly for consideration. At the session of the Assembly which terminated its work in December, three major projects of the Commission were discussed in the Assembly's Legal Committee.

One of these projects is a comprehensive set of articles on arbitral procedure. The object of the articles would be to provide a uniform code of arbitration and to eliminate, so far as possible, the

past tendency of countries fearing defeat before an Arbitral Tribunal to block and frustrate the arbitration. As the Commission stated, the project is part codification and part development. The Assembly has requested the member states to consider the articles during the next 2 years and supply their comments and suggestions, so that the Assembly may consider the project again at its 1955 session.

The other two projects of the Commission, consisting of draft articles on the Continental Shelf and high seas fisheries, are integral parts of a larger project of codifying and developing all of the various aspects of international law relating to the regime of the high seas and territorial waters.

The United States has a vital interest in both of these projects. In this connection you may recall the two Presidential proclamations of September 28, 1945.² One proclaimed the jurisdiction and control of the United States over the natural resources of the subsoil and sea bed of the Continental Shelf beneath the high seas contiguous to the coasts of the United States. In the other it was stated that the United States considers it proper alone or with other states concerned to establish fishery conservation zones in areas of the high seas contiguous to the coasts of the United States wherein fishing activities have been or in the future may be developed and maintained on a substantial scale. In such zones fishing operations would be subject to the regulation and control of the one or more nations having a real interest in developing and maintaining the fisheries in the zone.

THE CONTINENTAL SHELF DOCTRINE

Since 1945 several interesting developments have taken place in this field. The 83d Congress of the United States passed two public laws. One gave to the abutting states jurisdiction over the sea bed and its resources under territorial waters (P. L. 31, approved May 22, 1953). The other provided for federal jurisdiction and control over the sea bed and its subsoil between the outer limits of territorial waters and the outer limits of the Continental Shelf (P. L. 212, approved Aug. 7, 1953). This latter act provides that it shall be construed "in such manner that the character as high seas of the waters above the outer Continental Shelf and the right to navigation and fishing therein shall not be affected."

Subsequent to the United States proclamations in 1945, several countries have made far-reaching claims to jurisdiction over extensive areas of sea bed and subsoil, and even the waters, of the high seas for one or more purposes. For example, a number of countries claim the right unilaterally to control fishing on the high seas in areas contiguous to their coasts but which have historically been

fished by nationals of other states or in which other nations have a real interest. Korea and Japan are engaged in a controversy over Korea's right to exclude nationals of other countries from fishing in large areas off her coasts. England and Iceland are in a controversy over Iceland's claims to exclusive fishing rights off her coasts.

The International Court of Justice recently handed down a decision in the Anglo-Norwegian fisheries case. Japan and Australia are having a dispute over the rights of Australia to control pearl fisheries on the sea bed off her coast, and this has been submitted to the ICJ for decision. The subject is one of increasing importance as a source of international controversy, and it is significant and heartening that there is a growing tendency to submit these disputes to the ICJ for decision.

The fisheries articles are designed to promote both the freedom of high seas fisheries and international cooperation in conserving such fisheries. The Assembly postponed consideration of these items until the International Law Commission completes its work on all of the various phases of the regime of the high seas and territorial waters.

The United States' position, as you know, is that the historic doctrine of freedom of fishing in the high seas must be maintained. The present draft by the Commission accords generally with this view.

PRISONERS OF WAR

The last development that I will mention arises out of the conflict in Korea. It is the question of prisoners of war.

The disposition of prisoners of war was the crucial issue in the Korean Armistice negotiations. This subject has been the source of international controversy since World War II. It arises out of the challenge by the Communists to humanitarian attitudes toward prisoners of war which have developed in the last century and find legal expression in the Geneva conventions.

This challenge to the status of prisoners of war is merely a manifestation of the Communist principle that every subject is the creature of the State.

The Communist looks upon a prisoner of war as an asset of the military machine, without respect or regard for his rights as a human being. Fair trial is nonexistent. Impartial third-party observation and intervention is considered by the Communists as, at best, a useless inconvenience and, at worst, a threat of complete exposure. The Communist soldier who falls into the enemy's hands is expected by the Communist, as became apparent in the Korean camps, to continue to fight with every means at his command. Beyond all, the Communist denies the right of a soldier to escape the authority of his State and seek asylum.

The Communists look upon a prisoner in their hands as slave labor, as a tool of propaganda war-

² BULLETIN of Sept. 30, 1945, p. 484.

fare, even, if practicable, as a member of their own forces, and of course a bargaining asset in securing the return of their own captured soldiers.

Legal conflicts inevitably arise from such conflicting attitudes. They have been brought sharply into focus by the Geneva conference in 1949, by efforts of the General Assembly of the United Nations to assist in effecting the repatriation from the Soviet Union of World War II prisoners of war, and by the Korean conflict.

At Geneva in 1949, some 60 odd States including Soviet Russia negotiated and signed a new convention for the Protection of Prisoners of War. This convention represented a number of advances over The Hague conventions of 1899 and 1907 and the Geneva convention of 1929. For example, article 10 provides that "When prisoners of war do not benefit or cease to benefit, no matter for what reason, by the activities of a Protecting Power," or of an impartial international organization, "the Detaining Power shall request a neutral state, or such an organization, to undertake the functions performed under the present convention by a Protecting Power designated by the Parties to a conflict." The Soviet bloc fought against this principle of neutral observation and protection of the prisoner of war's rights and made formal reservations to this article.

A second advance in the Geneva convention is contained in article 85. It provides simply that "Prisoners of war prosecuted under the laws of the Detaining Power for acts committed prior to capture shall retain, even if convicted, the benefits of the present Convention." The Soviet bloc reservations to article 85 appear to be premised on the assumption that a prisoner convicted of a war crime is removed from the protection of the convention. Combined with trial by farce and absence of neutral observation, the reservation is calculated to permit the Communist state to deny the benefits of the convention at will.

Article 118 of the Geneva convention restates the obligation of release and repatriation deriving from The Hague conventions of 1899 and 1907. It reads, in part:

"Prisoners of war shall be released and repatriated without delay after the cessation of active hostilities."

The great advance in 1949 was to provide that prisoners were to be released at the end of active hostilities instead of at the conclusion of peace. Recent experiences have demonstrated that the end of active hostilities may precede the conclusion of peace by a long time, sometimes years.

It was not until 1950 that the Soviet Union was challenged in the General Assembly for failure to repatriate or account for prisoners of war of World War II. Its defense was not to deny the obligation, but to deny the facts and to assert that

all living prisoners of war had been returned. It also sought to explain the disappearance of an indeterminate number on the ground that they had been convicted of war crimes. Efforts of the General Assembly to induce the Soviet Union to live up to its obligations have been unsuccessful, though small numbers of prisoners have been released from time to time.

The evidence of mistreatment of prisoners by the Communists in Korea is appalling. But this created no legal issue. The question of repatriation did.

Both sides in the Korean conflict early stated their intention of adhering to the principles of the 1949 Geneva convention, although the United States, Communist China, and Russia have not ratified it. But when the armistice negotiations were undertaken, the Communists insisted that captured Communist prisoners must be repatriated, by force if necessary, while the United Nations Command insisted that a prisoner who did not want to return would not be forced to do so, but had the right to seek asylum. The provision of the Geneva convention that prisoners were to be released and repatriated was cited by the Soviet delegation to the United Nations as authority for the proposition that prisoners must be repatriated by force if necessary. The obligation, Vyshinsky asserted, was unconditional.

In the course of the debate before the United Nations, the United States contended that the legislative history of the Geneva convention established that the option of a detaining power to extend asylum to a prisoner of war, which existed in general international law, was not intended to be cut off by article 118. By an overwhelming majority the General Assembly adopted a resolution recommending that the issue be resolved by an agreement not to force prisoners to return.

This principle was incorporated into the Korean Armistice Agreement. This provides for impartial international supervision of prisoners and recognizes the right of a prisoner of war to refuse repatriation. Forcible repatriation, as demanded by the Communists, was flatly rejected.

It is, of course, too early to appraise the final outcome. Much hangs in the balance in Korea today. But one thing is clear. The State asset theory of human values applied to prisoners of war, so vigorously presented by Vyshinsky in the General Assembly in 1952, has been overwhelmingly rejected by the non-Communist world, and the humanitarian principles of the Geneva convention have been upheld.

These are a few of the recent developments in international law which affect the United States. Progress in this field of the law, as in most, is slow—sometimes discouragingly slow. However, progress is being made, and will continue, in our constant search for a body of law which will serve the ends of peace and security in the world.

The Scandinavian Spirit

by *Walter S. Robertson*¹

As an official both of the United States Department of State and of the Virginia Museum of Fine Arts, and I must say I had never anticipated acting as both simultaneously, I have been asked to express the gratitude and appreciation of the American people for the exhibition, "Design in Scandinavia," which we have come here this evening to open. I should say at once that, in my experience, very few developments as momentous as this can be regarded with unalloyed satisfaction and enthusiasm. This is one of the rare ones. I shall not be betraying a state secret if I confess that sometimes in the Department of State we give ourselves a little wry amusement by greeting a colleague in the corridor with the question "Have you heard what has happened now?" and watching his face take on a look of apprehension and alarm. Such are the times in which we live; and in such times as these, it is the greatest pleasure to be able to take part in an event like this one from which only good, and very great good, can result.

We may be thankful not only for the event itself but for the recognition its importance has received. Their Majesties, the Kings of Norway, Denmark, and Sweden, and Their Excellencies, the President of Finland and the President of the United States, are sponsoring the exhibit. Great nations have never embarked on solemn enterprises of martial portent under more august auspices. But this is an enterprise in a peaceful cause, in the cause of cultural interchange, a cause in which there are no national barriers, in which men of all countries may meet in the fellowship of a common ideal and of a common medium of communication.

This exhibition contains over 700 articles of kinds that are in general daily use, articles of wood and textile, china, glass, and metal. They will remind us most dramatically of the great change that has taken place since the days when only a ducal household was privileged to possess such beauty as came, for example, from a silversmith like Benvenuto Cellini. They will remind us too, that the industrial revolution, with its emphasis on mass production, has not condemned us to ugliness in our daily lives. They will show us that, as a result of the feeling for function and material that characterizes the work of such modern designers as those of Scandinavia, it is possible to live in a world in which the commonplace need not be depressing and futile but may be a source of ever-fresh esthetic satisfaction and delight.

Under the auspices of the American Federation of Arts, the exhibition will be shown, during the next 3½ years, in the leading museums of the

United States and Canada. No such exhibition has ever before had such a tour in our country. High expectations of it have been aroused and will not be disappointed. We should expect the best even if we did not know that, in the field of contemporary design, the Scandinavians are pre-eminent. For whatever our particular interest, we are accustomed to looking to the four Scandinavian countries for examples of the highest standards of performance in our field. This is true whether we be athletes or organizers of co-operatives, foresters or industrialists, seamen or novelists, engineers or composers.

Admiration for the Scandinavians is proverbial among us. We like them not just because they are so good at so many things. We like them not just because so many of our most valuable citizens are of Scandinavian descent. We like them not just because they first discovered North America. Indeed, we cannot consider it very flattering that after having pioneered in crossing the Atlantic—as they have pioneered in so much else—our discoverers found nothing here to bring them back for over half a millennium.

What we particularly admire about the Scandinavian countries is that they are so notably self-reliant and independent in spirit, while at the same time so notably ready to cooperate with other countries for the sake of the universal welfare and to champion the rights of others, particularly the rights of the weak against the powerful, of the individual against the mass. But that is only part of the reason, I believe, why the four countries of Scandinavia stand in such high regard not only here but in all other parts of the world with which I am familiar. The reason has to do with what we might call the Scandinavian values. To a remarkable degree, the Scandinavian peoples have achieved the good life, the well-rounded life, the healthy, outgoing, creative life, the life that makes the most of what is available and does not seek to take from others that which is theirs or to impose upon others that which they do not want.

Peoples reveal in their art what they essentially are. Most of all, I believe, our true nature is reflected in the design of those things like houses and dishes, fabrics and eating utensils that are so close to us that they are like parts of ourselves. I find it particularly fitting that we should receive from Scandinavia, where the human values are pre-eminent, examples of art of an intrinsically human character. The exhibition that has been sent us will not only extend our conception of beauty but will enhance our understanding of the Scandinavian spirit. On both counts it will enrich our experience. I hope our gratitude may be conveyed to the high sponsors of the exhibit in Denmark, Finland, Norway, and Sweden, to the creators of the pieces composing it, to those who have worked hard to bring it here, and to the peoples whose way of life is symbolized in "Design in Scandinavia."

¹ Address made at the Virginia Museum of Fine Arts, Richmond, Va., on Jan. 15. Mr. Robertson, who is Assistant Secretary for Far Eastern Affairs, is vice president of the museum.

The Soil of Freedom

by Theodore C. Streibert

Director, U.S. Information Agency¹

I am particularly glad to join with you in honoring the 10 young men you have selected for their outstanding achievements. And I am glad for this occasion because I want to talk about a serious problem which concerns these young men—in fact, concerns all Americans.

Today the forces of communism are on the loose. The threat, the tensions, the deceit practiced by the Kremlin affect your well-being and your personal lives here more than anything occurring in the United States.

Even now, as I speak, an event is about to take place which bears directly on your lives. In Berlin tonight leaders of the free world and the slave world are preparing to meet in an effort to ease world tensions.

Certainly this is the major problem of our time.

The 10 young leaders we honor tonight are living symbols of America. Not so many years ago, they and you were born on a blessed soil, the fertile soil of freedom.

I ask you, for a few moments, to think of that soil and what it means to you—how rich it is with rights and privileges and responsibilities for the individual too often taken for granted.

Suppose you had been born in the Soviet Union. Picture, for a moment, what would have been your fate. Suppose you 10 young men had grown up on the soil of slavery instead of the soil of freedom.

First, in the Soviet Union you are born without any chance of freedom. You are to be only a pawn of the Soviet state.

Let's take a close look at what would have been your lot under the Communist system which the Kremlin is striving to impose on more and more peoples.

You are city-born and your parents are not of the privileged class. Each member of your family has about 6 feet by 6 feet of dwelling space. Three or four families share the apartment with your family.

More than half of all mothers in the Soviet Union must work. So your mother will undoubtedly go back to her bench or her office job shortly after you are born.

You are then placed in a state nursery. Your mother sees you only when given time from her job to nurse you and to pick you up at night.

Your indoctrination to communism begins at the tender age of three, when you enter a nursery school. While your mother works you stay there, until you are seven. Then you enter public school.

Beginning with kindergarten, you belong to the Young Pioneers, the "cub" outfit of the Communist Party. About 13 million children belong to this organization. Here you learn the fundamentals of marching, military organization, and discipline—always, discipline.

As a city boy, you will have a chance to attend a 7-year grade school. It is supposed to be universal throughout the country. But in rural Russia you get only 4 years' elementary schooling at most.

"Free" Secondary Education

Education in the secondary school is also supposed to be "free." Yet you will not go to a secondary school unless your parents pay your tuition and buy your uniform, textbooks, paper, and other school equipment.

If your parents cannot afford to send you to secondary school, you enter instead into what is known as an Fzo, which is theoretically a trade or technical school.

Actually the Fzo is on-the-job training. The aim here is to channel humans directly into the industrial machine of the U.S.S.R.

There you get your first lesson in wages. While working in a factory to learn your trade, at very low wages, you give the state one-third of your total pay for your "free schooling." The factory takes another third. You keep for yourself only one of three rubles earned.

If you are fortunate enough to be among the small number going to a college, you know that

¹Address delivered before the National Convention of the Junior Chamber of Commerce, Seattle, Wash., on Jan. 23 (released to the press by USIA on Jan. 21).

your advancement from the secondary school was based not only on scholarship and aptitude but on your "political reliability." This prime factor shows up in your record as a Young Pioneer and, later, as a member of the Komsomol, the Communist organization for older youths.

Even selecting a profession is not your choice. It is determined by the manpower needs of the state at the time. And, once enrolled in engineering, medicine, or law, you find that a major part of your study is not devoted to the technical aspect of your major subject. Instead, it includes further study of the Marxism-Leninism philosophy.

The point is that your continuance in any professional school depends not on your professional abilities but on how successful you are in conforming to the teachings of communism.

Once a graduate, you are still not free to pursue the practices of your profession where your opportunities are better. You, too, virtually become an indentured servant of the state for a period of at least 3 years. And you, too, must accept the assignment or go to jail. Once on the job, you cannot leave it without the permission of your superiors.

Two of the young men we are honoring tonight are successful doctors; one is a scientist. How would you have fared in your professions behind the Iron Curtain?

Note first that doctors in the Soviet Union comprise a very low-paid professional group. Three-fourths of them are women.

In your training for medicine there, you must first accept the scientific doctrines as reinterpreted by Marx, Lenin, Stalin. The medical student, or the student of science, must never be guilty of objectivity in his approach to a medical or scientific problem. Often, in the midst of your career, an accepted doctrine may be thrown out as being "bourgeois" or "cosmopolitan." Thus the student must be ready to reverse his own findings immediately and to practice the new scientific and medical Party lines.

Under the Communist system of socialized medicine, a physician is bogged down in obligations to the state. He must take care of patients in a state clinic or a hospital at a fixed wage. That stipend is barely enough to support his family, yet he has little time for private practice.

You, as a doctor, might manage to see a few patients of your own. But, mainly due to state taxes on so-called outside income, only 2 percent of Russian doctors enjoy any private practice.

A Political Career in the U.S.S.R.

Consider another profession. Tonight we are honoring the young Governor of Tennessee for his outstanding political achievements, his service as a public official.

Governor Clement, how would your political career have turned out in Russia? As you know

well, you would have had no choice there as to party affiliation. There is but one party under communism.

As a potential servant of the Party, you must have carried out every injunction to the letter. For instance, if you were married in a church your political career would end abruptly at that point.

No member of the Komsomol who participates in a church service is considered a loyal Communist youth. What's even worse, it is expected that you marry a member of the Komsomol in good standing.

So you want to run for office! Well, selecting a place for you on the Party ticket will depend entirely on the whim of the local Party chieftain. Assuming you have become what he regards as a good Communist, and if your record shows you are making good as a Communist, you may be "chosen" as a candidate for some office.

At its grassroots the Party duplicates, checks, and even vetoes the work of most government administrators. So it is often a better political status in the Soviet Union to be a district Party secretary than to be the head of a local government agency.

Whether Party official or Party and government official, your big reward will come when, and if, you are selected to the Supreme Soviet. That is the political plum. And, holding it, you have no independent political judgment, for there has never been one single "no" vote cast in the Supreme Soviet.

Your tenure in the Supreme Soviet may be short, however, because to stay there you must never make an opposition speech, you must always vote "yes," and you must support the winning faction in each election.

The Communist Farmer

Now let's take a look at Billie Sol Estes' chances for success in agriculture, were he in Russia. This one thing is clear: His achievements as farmer, stockraiser, landowner, and businessman—at the age of 28 in the State of Texas—would be impossible under the Communist system.

The only way he could get ahead on a Soviet farm would be to turn to the political side of farming. He must be a politician first, a farmer second.

He must also attract attention to himself. He does this in the U.S.S.R. by joining the local Party unit on the collective farm, by reporting on his neighbors to the Party, by becoming a Party agitator at harvest time, and by attending Party lectures at the close of each working day.

He must readily adapt himself to support every farm policy of the Party—policies which in over 35 years of practice have failed completely. For Stalin insisted that collectivization was the key to a successful agricultural production and that the Soviet Union would surpass the free world in

food output. But, today, 37 years after the revolution, Soviet agriculture has 8 million fewer cattle than before the revolution.

The imposition of Soviet theories on the farm population has reduced the people to a marginal level of survival. The first systematic attempt in the 1930's to force the farming people to conform to Communist agricultural policies ended in the martyrdom of some 6 million peasants and the collectivization of all the rich farm lands. Since that time the regime has exercised complete domination over every waking hour of the farmer's existence.

Little wonder then that the life span of the average Soviet male is only 50 years.

But the satellites are equally affected. Let me give you two examples:

Two years ago the courts in Czechoslovakia dealt swiftly with 8 young men charged with being members of "a militarist organization engaged in treason, espionage, and conspiracy against our working class." One received a life sentence. The terms of the others totaled 127 years—an average sentence of 18 years.

What was their crime? The crime was that they had never publicly renounced their membership in the Boy Scouts. They got off lightly at that. According to Czech Communist law, sentence to a slave labor camp can be invoked for what they call "deviationism" if the accused is above the age of 12!

Even the joys of Christmas can be considered dangerous in the Soviet Union and its satellites. I quote from the handbook of the Library for Young Atheists, which every young Soviet Pioneer must memorize to prepare himself for adult Party leadership: "The struggle against Christmas trees is the struggle against religion and against our class enemies."

For this audience, I do not have to picture how different are life and opportunities here in the United States, on the soil of freedom. You and I know of our opportunities under freedom. You and I know that, in the main, our abilities will measure how far our ambitions can take us in politics and law and medicine and farming.

Proving the Benefits of Freedom

But the somber note in our way of life today is that we must take on the global problem of *proving* that our way offers abundantly more benefits than communism. We must make known to the peoples of the world our knowledge and our convictions about freedom.

We must make it clear that the idea of freedom is a better idea, that the free system is a better system. And we must do this in many places, competing side by side with the idea and the system of communism.

That's why your Government operates a world-wide overseas information program through the new U.S. Information Agency. It is our job, first

of all, to unite the peoples of the free world against communism without war and to persuade other peoples to the side of freedom. Secondly, we must enlighten the peoples behind the Iron Curtain with facts—the facts about the outside world, the facts inside their own world. Further, we must bring to the captive peoples of satellite Europe and Asia a message of hope that true liberty will be restored to them once again.

That's why the radio service of the Agency, known to you as the Voice of America, devotes three-fourths of its total effort to reach the people behind the Iron Curtain. Radio is the only sure means of reaching these people, and we use it to give them the news of the free world, objectively, factually.

That's why the press service of the new Agency fills the needs of the free world by sending daily background news items over a wireless file to our field posts in 76 countries. This service also includes 75 million publications of all kinds which are distributed each year throughout the world. These are read by hundreds of millions of people.

That's why we have located library and information centers in some 63 countries of the world. They provide a meeting place for people of all ages and all professions who want to learn about the United States and the free world.

That's why we use motion pictures, perhaps the most compelling medium, to portray the free world and to show up communism. The ministries of education in a number of countries now rely on our films for all types of instruction. In France the films prepared by the Agency have such prestige that they are distributed through the official agency of national education.

Jaycees at the Olympics

One of our films is the "Junior Chamber of Commerce." It was produced in 32 languages. It centers around a young businessman from a city in Texas, who sets about organizing better playground facilities in his community. It is one of our most effective shows. During the 1952 Olympic games in Finland, this film played to capacity audiences. About 30,000 persons saw it there. Right across the street, a very active Soviet cultural program was playing its tunes.

Finally, to get across our story, that's why we have more than 30,000 foreign students studying on 1,400 American college campuses. Most of them are brought here under the exchange program of the Department of State and private auspices. They get the best knowledge possible of freedom: the knowledge gained from firsthand observation of Americans at work, at play, at worship.

That's why, in short, we combine all the means of communications to serve our objectives abroad.

These efforts by the U.S. Information Agency, however, can be strengthened immeasurably with the active aid of private organizations. Already

about 800 groups in the United States are taking a direct part in the information program. They help to carry out the objectives of the information program in a variety of ways overseas.

But more help is needed to tell the story of freedom.

The Junior Chamber of Commerce is in the forefront of this fight, at home and abroad.

The 140,000 Jaycees living in 2,000 American communities can recall and can report on many projects of aid, such as their assistance in improving conditions in their communities, in public health, and in creating the teen-age "Road-E-O," dedicated to promoting safe driving habits among our young people; also your campaigns on behalf of national security and your activities in support of our religious institutions.

In support of the need for international understanding, your organization and the Junior Chamber International are cooperating with the Information Agency in organizing a major letter-writing program. This will bring more than 5,500 young executives in other lands in direct contact with you. It will create an exchange of ideas and an atmosphere of mutual understanding on a person-to-person basis. This activity is among those essential to reach other peoples.

Scope of Soviet Propaganda

Look further, for a moment, at Soviet propaganda directed to the world and at its immensities.

Propaganda is the chief weapon of the U.S.S.R. The incidents of war and the threat of war always steal the headlines, but the incidents of propaganda, by the Soviets, are unceasing and uncountable.

Every year the Soviet Union and the satellite nations are spending one and one-half billion dollars on propaganda. This does not include the monies spent by the local Communist parties and Communist front organizations in free countries as well as in their own.

To perpetuate and to man these efforts, the Soviets have in operation a propaganda schooling system with a constant enrollment of more than 300,000 persons. They maintain some 6,000 local schools and 177 regional schools for higher training in propaganda.

This system produces a trained corps of Communist specialists; it is really an army of propagandists. And they train agents in the satellites and Red China and in the free countries. In fact, the team of North Koreans in Panmunjom, with whom Ambassador Arthur Dean negotiated, were graduates of Russian propaganda schools.

Korea, however, has provided the most pronounced refusal of communism by its own people.

In Korea, two-thirds of the captured "volunteers" from China, who had been serving with the North Koreans, have turned down repatriation to

their homeland. The total ratio was about 600 to 1 in favor of the free world. For 22,000 Communist POW's have refused repatriation, while only 360 U.N. soldiers have turned their backs on the free world.

Elsewhere, 300,000 inhabitants of Soviet-controlled East Germany risked their lives in 1953 to escape to freedom in West Germany. One of every five Germans in West Germany today is a refugee or displaced person, and that's 20 percent of 47 million Germans!

Recently one young Polish lieutenant—an honor graduate of Communist schools, a leader in Communist youth organizations, a respected member of the Communist Party—landed his Russian-built jet fighter in Munich. He too had escaped to freedom. Speaking to the press about his homeland, Lieutenant Jarecki said:

Today in Poland, the degradation of the individual is commonplace. The Communist Party seeks to carry out its program through a terrible perversion of the truth. This method of political education has long since convinced me that a system built on hatred for everything not Communist, a system founded on violence, is basically an evil system. . . . That is why I decided to flee Poland and gain an opportunity to speak as a free man.

His was a dramatic flight, but he was just another refugee. Hundreds are slipping through the Iron Curtain daily in spite of guarded efforts to hold them inside their Communist prison. They come by foot, by truck, by auto, by locomotive. One enterprising Czech fled to the West in a home-made armored car in which he had managed to conceal his family of five.

This, too, is a denial of communism, and it will continue to grow.

Today the greatest offensive of the vast Soviet propaganda armada is directed against the unity of the free world. Every weapon in their arsenal of propaganda is aimed at the coalition of free nations.

They want to defeat the European Defense Community. They want to undermine NATO. They want to sabotage the Schuman Plan. They want to separate France from the Western alliance. They want to sow discord between France and Germany, and between the United States and Britain.

Their purpose is to fragment the world. They play on the nationalistic spirit of sovereign peoples in Europe, Asia, and Latin America in order to divide us from our allies. They want to destroy the cooperation so carefully developed—cooperation which allows us to help protect our common interests.

Here lies our major challenge. Here must come our greatest effort in the information field. Unite the free world, and let the cold war last as long as it may, and we would win it. But see the free world fall apart, and we lose the struggle.

In this struggle, the youth of the free world must play their most important role. Youth in the free nations must see to it that every possible bond of unity is forged. Youth in the free nations

must explore every approach toward the unity of the free world which they can help promote. Youth in the free nations must help in unmasking the relentless attacks of the Communists on that unity.

Even in the satellite countries, youth must keep alive the hope of themselves and their elders in eventual freedom from the heavy yoke that weighs upon them.

In unity, and in the strength and courage that flows from unity, we can rest our hope for a better

world, freed from the menace that now threatens.

You, in the Jaycees, bear a responsibility in helping make unity a fact. To the extent that you share on a broader scale those experiences you have learned at home will we be able to achieve a unity of free nations.

President Eisenhower laid down the challenge in these words:

“We must never fear the future. For this—the future—is the hope and home of all who are young and are free, if only they are brave.”

The Principal Tasks of Diplomacy

At a memorial meeting in Tel Aviv on January 8, Francis H. Russell, U.S. Chargé d'Affaires, delivered an address in tribute to Monnett Davis, Ambassador to Israel and former Director General of the Foreign Service, who died on December 26. In the course of his talk, Mr. Russell made the following observations on American diplomacy:

Last year there appeared in the United States one of the best books ever written in my country on diplomacy. In it, one of America's foremost writers on foreign policy said this:

In a sense that is true in no such degree in other nations, American diplomatic action has been determined by the people. There were ardent debates on foreign policy in the first days of our national history. There have been such debates ever since. The democratic tradition is deeply rooted in our history. The men who stand at the levers of control are almost always men with substantial political experience. Their habits, their prepossessions, their convictions all lead them to pay heed to the voice of the great body of citizens, to shape their decisions with that voice in mind. . . . The general sentiment of the people lies at the root of every great issue.

I read that to you because, at the time Monnett Davis assumed the direction of the American Foreign Service, one of the greatest revolutions in American public opinion had just taken place. During the two decades before World War II the American public had been predominantly isolationist. It had refused to accept the responsibilities of membership in the League of Nations. Candor requires us to say that it failed to see the importance to the United States of what happened elsewhere in the world and to recognize the importance of developments in America to many other countries and peoples.

In the course of World War II that sentiment changed. It changed to the extent that during and after the war, according to public opinion polls, 92 percent of the American public favored America's participation in an international organization designed to resist aggression, to lessen tensions, to promote economic progress throughout

the world, and to bring about an improved ordering of international relations.

Coincidentally there was another development, of equal significance in the challenge which it presented to American diplomacy. It became apparent that the free way of life, the product of the previous 3,000 years of human endeavor and struggle, was threatened by the emergence of the monolithic society in its various forms and the determination on the part of its adherents to impose its pattern upon as large an area of the world as possible by any means available to it, including the use of force. It was apparent that, if the pluralistic approach to organized human existence—if the struggle to create a society which strives to make possible for every individual the inward happiness that comes from growth and progress toward valid goals—if this age-long, worldwide progress built upon experience, upon a growing knowledge of the nature of man, and upon religious insights—if this was to continue, a vast cooperative effort on the part of all free people would be necessary.

These two developments created a challenge to the American Foreign Service of an unparalleled nature. The old concepts of diplomacy—its objectives and its methods—were no longer adequate. Because of the political and economic stature of the United States and its military potential in the event of necessity, it was obvious that this great effort to preserve the free pattern of life could succeed only if America recognized the responsibilities of leadership and, having recognized them, exercised them with skill, with imagination, and with restraint, an awareness, as President Eisenhower said last month,¹ that the easiest thing to do with great power is to abuse it.

This posed problems in the solution of which it was necessary for diplomacy to play a leading role: Such problems as how to evolve a pattern for a justly ordered world, but a world in which each

¹ BULLETIN of Dec. 14, 1953, p. 811.

people would have freedom to work out its own destiny in its own way; how to achieve unity without satellitism; how to find ways in which one form of democracy, such as that of Jefferson and Lincoln, can work closely with other forms of democracy such as those of a Britain, a Sweden, an Israel, and others; how to find new patterns of international economic life so that countries that are far from being self-sufficient and are dependent upon foreign trade for the livelihood of their citizens can find markets and obtain goods and materials. These were—and are—some of the substantive questions to confront American diplomacy.

Along with these problems of goals and objectives there were equally difficult problems of methods and procedure. How do widely separated and differing peoples go about the job of evolving common policies? For one thing it was obvious that the familiar tendency to regard a country's foreign policy as something that could be constructed by the intellectual process of working out a syllogism would no longer do. This, I would like to suggest, incidentally, is one of the most important objectives in public education in the field of international policy in all of our countries today.

Every profession has its particular intellectual discipline. The way in which a doctor diagnoses an illness is different from the process of thought by which a judge decides a difficult legal problem. In the field of geometry and physics it is appropriate and essential to employ the method of the syllogism: all solids have a specific gravity; granite is a solid; therefore granite has a specific gravity.

The point that I would like to make is that not only is that type of thought process not applicable to the field of foreign policy, but the tendency of many people in many of our countries to employ it is a danger to international peace. The reason why it is dangerous is this. Each country can select its own premises and can construct its own syllogisms. "Democracy is good. My country is a democracy. Therefore everything that my country does and wants is right." But the premises available to different countries are infinite and the conflicting conclusions of their airtight syllogisms do not solve problems. They create new ones. It is important for us to realize that there are many truths and many goods. Oliver Wendell Holmes once received a letter introducing someone as "a man of principle." Holmes wrote back saying that he would have no time for him; a man who only had one principle was woefully equipped and not worth meeting.

Instead of regarding policy formulation as something that can be arrived at in the manner of a syllogism, it is more valid to regard it as a problem of arriving at a vector of moral forces. You remember how, when we were in high school, we were given problems that posed a force of 2 pounds

going in one direction, a 10-pound force in another, a 6-pound force in another, and a 12-pound force in still another. The problem was to determine the net direction from this combination of forces.

Our problems today exist precisely because there are conflicting rights, conflicting claims, duties, and allegiances. The task therefore is essentially one of identifying them, assigning to each its just moral weight, of finding a solution that will meet as many of them as possible, and, where they cannot all be met, of determining a line of action that will be as equitable as possible. An inculcation of an instinctive approach of this nature to the problems of our day would go far toward a maximum achievement of the goals we all so ardently desire.

Only in this way can we successfully go about resolving such momentous conflicts, for instance, as that between the need for developing the unity of free peoples while preserving the essential diversity which is the essence and expression of freedom. Only in this way can we strengthen the bonds that must exist among groups in various countries dedicated to the democratic idea without interfering with the sovereignty and rights of the nations in which they live and to which they give their affection and allegiance; or strive toward peace and at the same time make sure that security against aggression is not allowed to remain disastrously weak; make sure, that is, that we shall have no more Koreas with their frightful toll.

All of these have come to be among the principal tasks of modern diplomacy. They have demanded the attributes which Harold Nicolson defined as essential for a diplomat: accuracy, calm, patience, good temper, modesty, loyalty, intelligence, knowledge, discernment, prudence, industry, courage, and tact. But above all they require integrity and friendly understanding.

Senate Approval of Mutual Defense Treaty with Korea

*Following is the text of a telegram, dated January 27, sent from Berlin by Secretary Dulles to Senator Alexander Wiley, Chairman of the Senate Foreign Relations Committee:*¹

SENATOR ALEXANDER WILEY: The news this morning of the prompt and decisive action by the Senate on the Mutual Defense Treaty was good indeed. My congratulations to you and to the Foreign Relations Committee for such prompt and decisive action. It is good moral tonic for us here in Berlin.

JOHN FOSTER DULLES.

¹ *Cong. Rec.*, Jan. 28, 1954, p. 891. The treaty was approved by the Senate on Jan. 26 by a vote of 81-6.

American Policy in the Middle East During 1953

by Richard H. Sanger¹

The year since your last convention has been an eventful one, not only in the Near and Middle East, but in the history of United States relations with that part of the world. Let me review for you a few of the more significant developments of the period, which highlight our policy toward that area.

On March 2 President Eisenhower told Prince Faisal, Foreign Minister of Saudi Arabia and chairman of that nation's delegation to the United Nations, that he was determined to restore the spirit of confidence and trust which had previously existed between the United States and the Arab nations. A statement issued by the White House, following Prince Faisal's visit, noted that President Eisenhower had expressed concern that there had lately occurred a deterioration in relations between the Arab nations and the United States.

He stated that it would be his firm purpose to seek to restore the spirit of confidence and trust which had previously characterized these relations and he hoped that the Arab leaders would be inspired by the same purpose. The President alluded to the many strong educational and cultural ties which had developed between the Arab world and the United States over a period of many decades and stated that he was confident that this provided a foundation of good will on which to build during the coming years to mutual advantage.

Secretary Dulles' Trip

On March 9, Secretary of States Dulles announced that he would visit the Near East and South Asia in May on a fact-finding trip on which he would "listen carefully" to what he was told and consider "with utmost sympathy" any problems presented to him. Mr. Dulles went on to say,

President Eisenhower is keenly aware of the importance of the Near East and South Asia. The peoples of that part of the world have a rich culture on which we of the United States have largely drawn. The President has,

¹ Address made before the annual conference of the American Friends of the Middle East at New York City on Jan. 29. Mr. Sanger is public-affairs adviser, Bureau of Near Eastern, South Asian and African Affairs.

therefore, asked me to go personally to the Near East and South Asia to show our friendship for the governments and peoples of these areas.

On May 9, Secretary Dulles, Foreign Aid Director Harold Stassen, and Assistant Secretary of State Henry A. Byroade left by plane on an historic trip which took them to Egypt, Israel, Jordan, Syria, Lebanon, Iraq, Saudi Arabia, India, Pakistan, Turkey, Greece, and Libya. Mr. Dulles was the first United States Secretary of State ever to carry out such a trip.

On returning to Washington on May 29, Mr. Dulles said:

We of the State Department will be better qualified to advise President Eisenhower in relation to foreign policy, and Mr. Stassen, Director of Mutual Security, will be better able to help that program implement our foreign policy. Above all, we laid a new foundation for friendship.

In a series of meetings with members of Congress, Mr. Dulles moved quickly to build further understanding of the problems of the Middle East. Then in a speech to the American people on June 1, which was nationally broadcast by radio and television, Secretary Dulles said:

It is high time that the United States Government paid more attention to the Near East and South Asia. . . . Surely we cannot ignore the fate of the peoples who have first perceived and then passed on to us the great spiritual truths from which our own society derives its inner strength. . . . the primary purpose of our trip was to show friendliness and to develop understanding. These peoples we visited are proud peoples who have a great tradition and, I believe, a great future. We in the United States are better off if we respect and honor them, and learn the thoughts and aspirations which move them. It profits nothing merely to be critical of others. President Eisenhower's administration plans to make friendship—not faultfinding—the basis of its foreign policy.

On his trip the Secretary had arrived at a number of conclusions, and he noted, in the first instance, that most of the peoples of this area were "deeply concerned about political independence for themselves and others" and were suspicious "of the colonial powers"—and of the United States because, it was thought, membership of the United States in NATO required it "to preserve or restore

the old colonial interests of our allies." Mr. Dulles was convinced that American policy had become "unnecessarily ambiguous" in this matter, and he stressed that the Western Powers could "gain, rather than lose, from an orderly development of self-government" throughout the world.

Secondly, Mr. Dulles noted the popular demand for better standards of living—a demand which could no longer be ignored. He believed that the United States could usefully help in finding a solution of this problem "by contributing advanced technical knowledge about transport, communication, fertilization, and use of water for irrigation," under the mutual-security program.

Thirdly, Mr. Dulles believed that the United States "should seek to allay the deep resentment against it" that had "resulted from the creation of Israel." The Arab peoples, he said, were "afraid that the United States would back the new State of Israel in aggressive expansion." They were "more fearful of Zionism than of communism," and were afraid that the United States would "become the backer of expansionist Zionism." Israel, on the other hand, was fearful lest ultimately the Arabs might try to push it into the Mediterranean Sea.

In this connection, the Secretary made it clear that the United States still stood by the Tripartite Declaration of May 25, 1950, as to violations of frontiers or armistice lines. He also indicated that leaders in Israel themselves "agreed with us that United States policies should be impartial so as to win not only the respect and regard of the Israeli but also of the Arab peoples," and that the United States would seek such policies. There was a need for peace in the Middle East, achievement of which would require concessions both on the part of Israel and on that of the Arab States, and the Secretary declared that the United States would not "hesitate by every appropriate means to use its influence to promote a step-by-step reduction of tension in the area and the conclusion of ultimate peace."

Economic Aid

On May 5, in his message to Congress on the extension of foreign aid, President Eisenhower had noted that technical, economic, and developmental programs are of great importance. He said,

They will be applied chiefly to South and Southeast Asia, the Middle East, Latin America, and Africa. Through these programs, the United States is proving its interest in helping the peoples of these areas to work toward better and more hopeful conditions of life, to strengthen the foundations of opportunity and freedom. To guard against the external military threat is not enough: we must also move against those conditions exploited by subversive forces from within.

The United States Congress approved the foreign-aid bill on August 3, 1953. A major feature

of that legislation was the size of the appropriations for countries of the Near East and Asia. More than \$33 million was appropriated for technical assistance to the Near East and Africa; \$147 million was set aside for economic assistance to the Arab States, Israel, and Iran; and some \$44 million authorized to help the Arab refugees.

In view of amendments to the Mutual Security Act—particularly the introduction in the fiscal year 1954 of the \$147 million regional "special economic aid" package—it is impossible to give comparable figures for earlier years, but it can be said that total authorizations to the Near East and Africa for the current year are substantially higher than in the past.

The Refugees

On July 24 the United States Senate Foreign Relations Subcommittee on the Near East and Africa presented its report based upon extensive hearings to determine how American aid could be given most effectively to Palestinian Arab refugees. The report expressed deep sympathy for the refugees and the plight in which they found themselves. It added, however,

The American people are moved by strong humanitarian motives, but they cannot be expected to bear indefinitely so large a share of the burden involved in this situation when Israel and the Arab States show so little initiative in helping to settle the matter among themselves. There is a very real danger that the longer the United States continues to supply relief money, the less desire there will be on the part of the states in this area to make real efforts on their own to liquidate the problem.

During the following months, much thought and attention was given by the U.S. Government to the problem of the Arab refugees. On November 12, 1953, the U.N. Assembly's Special Political Committee voted to continue the United Nations Relief and Works Agency for Palestine Refugees. The resolution, which was sponsored by the United States, Great Britain, France, and Turkey, later received full Assembly approval. It continued UNRWA through June 1955; authorized an UNRWA relief budget of almost \$25 million for the year ending June 30, 1954; and recommended a provisional relief budget of \$18 million for the following year. The \$200 million UNRWA fund for projects which was authorized by the U.N. Assembly 2 years ago was maintained.

Pursuant to the Mutual Security Act of 1953, a Special Refugee Survey Commission to the Near East was appointed by Mr. Stassen in consultation with the Secretary of State. An interim report of this Commission, dated December 11, 1953,² reads in part:

This government has both a stake and responsibility, together with the other members of the United Nations, in the final solution of the refugee problem. Arabs and Israelis, for different reasons, recognize our concern in

² BULLETIN of Jan. 18, 1954, p. 95.

the prosperity and stability of the Near East. Therefore, the Commission makes the following observations:

(1) Support should be given to the decision of the United Nations General Assembly to continue the United Nations Relief and Works Agency for Palestine Refugees (UNRWA) until June 30, 1955. It should be noted that the U.S. Delegation to the United Nations voted in favor of this resolution.

(2) Temporary and stop gap projects are not the solution to the economic distress of the people in this area. It follows that only a permanent and practical plan of development is the answer to the economic side of the refugee problem. The principles of the unified plan for the development of the Jordan River appear to be the best forward step in this direction, inasmuch as water appears to be the most valued resource in this area, and in shortest supply. The Commission feels that this will overcome the inertia enveloping the refugee problem and give that necessary impetus which would put the refugees in a position to help themselves and become independent of the largess of others.

(3) Despite the difficult situation as related to the refugees, there appear to be favorable opportunities for permanent economic improvement of refugee families. This involves the development of irrigation projects and appurtenant works which, if developed, could improve the economic condition of a substantial part of this area. The surveys now in progress should be pursued to completion as soon as possible to determine if the projects are feasible and economically sound, in order that agreements can be reached at an early date to clear the way for commencement of construction.

(4) All available resources, both private and public, must be used to restore that sense of mutual dignity and personal respect between the Arab and Jewish peoples which did exist prior to the outbreak of hostilities. It is recognized that this cannot be done by legislation or force. The United States, as an interested party, should do all within its power to accomplish this end. One certain way in which this can be accomplished is to state our objectives clearly and to show our intention to be impartial and consistent.

(5) To give positive moral assurance to the parties that we will accept our share of responsibility, together with the other members of the United Nations, only on the condition that any and all agreements made will be kept in good faith.

The Colloquium

A notable event in United States-Middle East relations that occurred last year was the Colloquium on Islamic Culture which opened at Princeton University on September 8, 1953. Some 70 scholars from Middle Eastern, Asian, and American institutions attended the 12-day conference, which was a real landmark in U. S. cultural relations with the Islamic world.

The gathering enabled prominent American scholars to learn more about the problems and developments of 20th century Islam and at the same time provided an opportunity for outstanding Muslim scholars to visit the United States and discuss these problems with Americans working in the field. Among topics which were discussed were: "Modern Trends of Literature," "History and Ways of Giving the Muslim Youth an Interest in Historical Traditions," "Education in Muslim Countries," "Social Reform in the Communities of the Muslim World," "Law and the Modernization of Legal Processes in the Muslim

Countries," "Problems Raised by Modern Science in the Communities of the Muslim World," and "Recent Trends in Muslim Philosophy."

The delegates to the Colloquium called on President Eisenhower at the White House and enjoyed a 15-minute talk with him. The theme of his remarks was that understandings based on cultural relations are more lasting than those based on politics because politics is temporary, whereas culture is eternal. It is safe to say that this Colloquium gave a large number of Islamic scholars a new understanding of the scope and intensity of American interest in Islam.

Unified Plan for the Jordan River

On October 16, the White House announced that the President had appointed Eric Johnston as a Special Ambassador to the Near East to discuss with government officials there a possibility of putting into effect a comprehensive plan for the development of the water resources of the Jordan Valley as a whole. President Eisenhower pointed out that—

the Government of the United States believes that the interests of world peace call for every possible effort to create conditions of greater calm and stability in the Near East. The administration has continuously undertaken to relieve tensions in this sensitive and important area of the free world. . . . In furtherance of this policy, I am now sending Eric Johnston to the Near East as my personal representative with the rank of Ambassador to explore with the governments of the countries of that region certain steps which might be expected to contribute to an improvement of the general situation in the region.

Then on November 4, U.S. delegate James P. Richards said in the U.N. Assembly's Special Political Committee that "this is a time for decision in the Near East" and called on the Near Eastern Governments to give "the most thoughtful and careful consideration" to the proposed Jordan Valley development plan. Pointing out that the United States was a cosponsor of the resolution calling for continuation of the U.N. Relief and Works Agency for Palestine Refugees until June 1955, Richards emphasized that something more was needed. He said:

Ready as the United States and other nations abroad may be to help with services and funds, the programs so far proposed cannot hope to solve the problem. . . . We look for a real disposition, both in the Arab States and in Israel, to take bold and statesmanlike measures to assure the success of the programs now envisaged and of others which must be developed.

Two days later authoritative sources in Washington said that failure of the Near Eastern Governments to accept the proposals made by Eric Johnston would not cause the United States to withhold aid from those states. However, it was noted, the level of aid would depend primarily upon the development of sound and suitable projects, particularly in the water-development field. It was made clear that the U.S. was not trying to

"foree" the Jordan Valley plan on the Arab peoples, but rather that it was presenting for their consideration a project sincerely believed to be in their best interests.

Ambassador Eric Johnston reported to President Eisenhower on his mission to the Near East on November 17, 1953. Mr. Johnston said that the Governments he visited had promised to give "the most careful study" to the proposed Jordan Valley development plan drawn up at the request of UNRWA. He reported that the attitude he encountered "gave him reason to believe that, after serious scrutiny, the project will commend itself to the states concerned as a sound and constructive approach to some of the most critical issues contributing to present tensions in the area." He looked forward to returning to the interested capitals early in 1954 for further discussions. President Eisenhower and Secretary Dulles both expressed gratification at his report.

Israel

During 1953 we continued our program of assisting Israel to become a self-sustaining member of the Near Eastern community. You will recall that on October 28 last, Secretary Dulles noted the release of \$26¼ million of grant-in-aid funds to Israel for this purpose. We are also continuing a particularly effective program of technical assistance in Israel. These and other developments indicate the friendly relationship existing between the United States and Israel.

However, when the Government of Israel announced that it had moved its Foreign Ministry to Jerusalem, Secretary Dulles in a press conference on July 28, 1953, said: "The United States regrets that the Israeli Government has seen fit to move its Foreign Office from Tel Aviv to Jerusalem," and he noted that the United States had previously made known its feelings to Israel on this matter. Mr. Dulles reiterated that the United Nations "has a primary responsibility for determining the future status of Jerusalem."

Throughout the year the border between Israel and her neighbors continued to be the scene of incidents. The most serious of these was the attack by Israeli armed forces on the Jordanian village of Qibya on the night of October 14-15, 1953. The United Nations Security Council took up the Arab-Israel border situation at the joint request of the United States, Great Britain, and France. At a meeting of the United Nations Security Council on November 9, 1953, the United States, Great Britain, and France expressed agreement that the Israeli attack on Qibya was a serious violation of the Palestine armistice and on November 20, 1953, the United States, Great Britain, and France formally presented to the United Nations Security Council a joint resolution expressing strong censure of Israel for the Qibya raid and calling on both Israel and Jordan to respect their

armistice agreement, a resolution which was adopted by the Council 4 days later.

On October 20, 1953, Secretary Dulles had announced deferment of economic aid to Israel. The action was taken, he said, because of Israel's refusal to comply with the request of the United Nations Chief of Staff in Palestine, General Ben-nike, to suspend work on the Banat Ya'qub diversion project on the Jordan River.

On October 28, 1953, Israel agreed to stop work on the building of the Banat Ya'qub diversion canal pending consideration of the question by the Security Council. Secretary Dulles thereupon recommended that U.S. economic aid to Israel be resumed and said, "The policy of the United States to support the United Nations Truce Supervision Organization in this matter has thus been realized, and the impediment to the present grant of economic aid to Israel has been removed." He said that programs for economic aid to other states of the Near East "are in an advance state of formulation, and it is expected that some of them can shortly be announced." Unfortunately the Banat Ya'qub issue is still unsettled.

U.S. Stand on Colonialism

In the first major statement of U.S. policy on colonialism to be made in many years, Assistant Secretary Byroade, speaking at Asilomar, California, on October 31, 1953,³ emphasized American support and interest in the orderly achievement of self-government for peoples now under foreign rule. Mr. Byroade pointed out that the U.S. colonial policy is relatively simple: "We believe," he said, "in eventual self-determination for all peoples, and we believe that evolutionary development to this end should move forward with minimum delay."

In further reference to colonialism, Secretary Dulles said on November 18, 1953, "There is no slightest wavering in our conviction that the orderly transition from colonial to self-governing status should be carried resolutely to a completion." In his speech before the annual convention of the Cro, he disclosed that the United States Government is "pushing for self-government more than appears on the surface." Where the U.S. appears to be exercising restraint, Mr. Dulles pointed out, "it is because of a reasoned conviction that precipitate action would in fact not produce independence but only transition to a captivity far worse than present dependence." On the other hand, he said, "we are alert to the possibility that the Communist threat might grow into an excuse for delay, when it is not an honest reason for delay."

On November 11 President Eisenhower sent the following message to King Saud al Saud, the new King of Saudi Arabia:

³ *Ibid.*, Nov. 16, 1953, p. 655.

It is with a profound sense of loss that I express my deepest sympathy to the Royal Family and people of Saudi Arabia upon the death of their illustrious father and ruler, King Abdul Aziz al Saud. His Majesty's statesmanship and sagacity as a ruler endeared him to the hearts of his people and won him universal renown. The American people were proud to count him and his nation among their most trusted and valued friends.

On this solemn occasion I wish to extend to Your Majesty, as your father's worthy successor, my good wishes upon your accession to the throne.

Sudan Elections

Another example of growing American interest in the Middle East was the presence of a U.S. representative, Warwick Perkins, on the Mixed Electoral Commission, which supervised the elections held in the Anglo-Egyptian Sudan beginning November 15, 1953. Thanks to the work of that Commission and to the spirit shown by the Sudanese, the elections went forward relatively smoothly. In spite of the fact that it was the first election in which most of the voters participated, it would seem that most of the Sudanese were accorded, insofar as their stage of political development permitted, the maximum freedom in casting their votes and adequate information on which to base their choice of candidates. These Sudanese elections marked another step in the growing political maturity of the Middle East.

As the Assistant Secretary said at Asilomar,

The clock of history cannot be turned forward by a mere twist of the dial. The evolution of the dependent peoples toward full self-determination requires patience, imagination, and hard work—hard work by the governing powers as well as the governed—accompanied by sympathy and assistance from all nations. We as Americans are prepared to do what we can as a part of this effort.

Important Visitors

Final examples of our closing ties with the countries of the Middle East were several important visits. These included the Governor General of Pakistan, who came to this country on October 30, 1953. King Paul and Queen Frederika of Greece came to this country on October 28. During their 5-week visit they met with a very large number of important figures in political and private life, were widely acclaimed throughout the country, and did much to arouse even greater American interest in the progress being made in Greece.

Then, 2 days ago, President Celal Bayar of Turkey and his wife arrived in this country for a 4-week good will tour, which has already aroused widespread interest.

The end of 1953 was marked by the visit of Vice President Nixon to the Middle East. In a television address on December 23, Mr. Nixon stated that he felt the peoples of Asia wanted independence, economic progress, and peace along with freedom of choice as to their culture, religion, and economic systems—in other words, “a fundamental recognition of their equal dignity as human

beings.” These words, I feel, summarize present U. S. thinking on the Middle East.

Current Problems

Morocco. So much for the developments of the last year. There are in addition a number of continuing problems to which the Department is giving its attention. One of these is the recent incident in the Spanish Morocco Zone, involving the relationship of the Sultan of Morocco with the local Caids and Pashas. This situation is part of the problem of colonialism in Morocco and Tunisia.

As Mr. Byroade said in his speech of last October—

The United States Government believes that this complicated problem must be resolved primarily by the parties concerned. There is always a danger that the injection of outside influence into a situation of this kind will make it worse. . . . We know of the delicate problem that the Government of France confronts in view of the large French population in this area. We agree that the local system of government in North Africa needs change before it can cope with present world conditions or guarantee social progress. We have important security interests in the strength of the French nation, as well as deep friendship for the French people. We also have a firm policy of supporting the right of dependent peoples to self-determination. . . . The present situation therefore calls frankly for a middle-of-the-road policy which will permit us to determine our position on practical issues on their merits as they arise. . . . Our fundamental interests can be served only by an arrangement which is mutually satisfactory to both the French and the North Africans.

Suez Base. With regard to the problem of the Suez Base negotiations, one must not overlook the fact that this has been an overriding problem between Egypt and Britain for a considerable period of time and that its settlement has not been a simple matter of accomplishment. Nevertheless, considerable progress has been made in the course of the past few months, and nearly all of the issues of real substance have, we believe, been disposed of.

The United States has not participated in these negotiations but has endeavored to be of what help it could to its friends. We recognize the importance which Egypt attaches to the base in terms of her own national pride and aspirations; and we are in agreement with the British concerning the strategic importance of the area and the necessity that the facilities of the base be available to the free world in the event of Communist aggression.

These considerations have guided us in our informal discussions with the British and the Egyptians. We believe that the remaining issues must be settled and can be resolved with good will on both sides. We are convinced that the British and Egyptians both are sincere in wanting an agreement at this time and that both have much to gain in terms of an early settlement. Conversely, failure to reach an agreement would have far-reaching effects, particularly in Egypt where the

pressing desire of the people for economic and social improvement would be seriously jeopardized by continuing tension.

In the words of Mr. Byroade,

We recognize the need for keeping the Suez area available for the use of those powers able to assist in the defense of the non-Communist world, which includes Egypt herself. At the same time, we view with the most friendly spirit the aspirations of the Egyptians for complete and indisputable sovereignty. In all differences of this nature, our fundamental problem is to lessen suspicion and encourage agreement between the Eastern and Western powers. By every word and action of our Government, we should make it clear that the old colonial relationship is dead and that it will stay dead. At the same time, we should encourage a better understanding of the possibilities inherent in a new relationship based on voluntary cooperation among independent nations.

Arab-Israeli Tensions. I have previously mentioned our detailed position in regard to the refugees and economic aid to the Arab States and Israel. Our overall policy in regard to the Arab-Israeli controversy remains as it was stated by Secretary Dulles on June 1, 1953, when he returned from his history-making trip to the Middle East. At that time he said:

Israel should become part of the Near East community and cease to look upon itself, or be looked upon by others, as alien to this community. This is possible. To achieve it will require concessions on the part of both sides. But the gains to both will far outweigh the concessions required to win those gains.

The parties concerned have the primary responsibility of bringing peace to the area. But the United States will not hesitate by every appropriate means to use its influence to promote a step-by-step reduction of tension in the area and the conclusion of ultimate peace.

Iran. Whereas there is still a long road ahead before a settlement is likely to be reached to the Arab-Israeli problem, there is a general feeling of optimism in Washington about the Anglo-Iranian difficulties and about the future of Iran itself. Recent developments there have led most observers to believe that the new government, under the leadership of the forward-looking Shah and his aggressive Prime Minister Zahedi, is dedicated to the task of building Iran into a strong and stable country, one that will be able to resist Communist aggression and assist in maintaining world peace. In their accomplishments to date, in the progress they have made in establishing order and security in Iran, in their constructive efforts toward building a sound economy, and in their resumption of diplomatic relations with the British, Iran's present leaders have shown both courage and decisiveness. As a result of the events of the past few months, the prospects have brightened for an oil settlement, unquestionably Iran's No. 1 problem.

There is every indication that the Zahedi government and the Shah recognize that a solution must be in keeping with the national aspirations of the Iranian people and at the same time be

commercially sound enough to permit the resumption of Iran's oil flow to world markets. On the other side, the British thinking on Iran now gives evidence of greater understanding of the Iranian point of view. The United States, which has not taken sides in the controversy, has made repeated attempts to assist the parties concerned to find a solution fair to both sides. These efforts are still continuing. Many of you may know Herbert Hoover, Jr., Special Consultant to the Secretary of State on international oil matters, who is currently using his vast experience and technical knowledge in advising the Secretary on this difficult problem.

Area Defense. Last, but certainly not least, the United States is giving most earnest consideration to the problem of helping the people of the Near and Middle East defend themselves from the threat of outside aggression. There has been a great deal written recently in the American press about possible American aid to Pakistan and a decision on this matter should shortly be reached. In spite of all this recent publicity and speculation, the policy of our Government on the defense of the Middle East is clear and consistent. It was best stated by Secretary Dulles on June 1, 1953:

A Middle East Defense Organization is a future rather than an immediate possibility. Many of the Arab League countries are so engrossed with their quarrels with Israel or with Great Britain or France that they pay little heed to the menace of Soviet communism. However, there is more concern where the Soviet Union is near. In general, the northern tier of nations shows awareness of the danger.

There is a vague desire to have a collective security system. But no such system can be imposed from without. It should be designed and grow from within out of a sense of common destiny and common danger.

While awaiting the formal creation of a security association, the United States can usefully help strengthen the interrelated defense of those countries which want strength, not as against each other or the West, but to resist the common threat to all free peoples.

Our future military relations with Pakistan or with other states of the area will be within this framework.

So much for a consideration of American foreign policy in the Middle East as it is today, as shown by official words and acts during the past year. I think you will agree with me that the words are those of a Government which is itself a friend of all the peoples of the Middle East. And, actions speak even louder than words. The actions I have reviewed show a United States Government increasingly interested in the problems of the peoples and governments of the area, a Government aware of the mutuality of interests which link us with that important part of the world, a Government which is each year devoting more time and attention to the vital Middle East.

American Principles
 American Policy in the Middle East During 1953 (Sanger) 209
 The Principal Tasks of Diplomacy (Russell) 207
Communism. The Soil of Freedom (Streibert) 203
Congress. Senate Approval of Mutual Defense Treaty With Korea (Dulles) 208
Economic Affairs
 Randall Report Transmitted to Department Heads (Hagerty) (Eisenhower) 195
 Report of the Commission on Foreign Economic Policy to the President and the Congress (Randall) 187
France. Four Power Discussions at Berlin (Dulles) (Eden) 179
International Information
 The Soil of Freedom (Streibert) 203
 Some Recent Developments in International Law of Interest to the U.S. (Phleger) 196
International Organizations and Meetings. Four Power Discussions at Berlin (Dulles) (Eden) 179
Korea. Senate Approval of Mutual Defense Treaty With Korea (Dulles) 208
Middle East. American Policy in the Middle East During 1953 (Sanger) 209
Mutual Security
 American Policy in the Middle East During 1953 (Sanger) 209
 Four Power Discussions at Berlin (Dulles) (Eden) 179
Presidential Documents
 Correspondence:
 President's Views on Treaty Making (letter and text of resolution) 195
 Randall Report Transmitted to Department Heads (Hagerty) (Eisenhower) 195
Scandinavia. The Scandinavian Spirit (Robertson) 202
Treaty Information
 President's Views on Treaty Making (letter and text of resolution) 195
 Senate Approval of Mutual Defense Treaty With Korea (Dulles) 208
 Some Recent Developments in International Law of Interest to the U.S. (Phleger) 196
Union of Soviet Socialist Republics
 Four Power Discussions at Berlin (Dulles) (Eden) 179
 The Soil of Freedom (Streibert) 203

United Kingdom. Four Power Discussions at Berlin (Dulles) (Eden) 179

Name Index

Bidault, Foreign Minister 179
 Dulles, Secretary 179, 208
 Eden, Anthony 179
 Eisenhower, President 195
 Hagerty, James C. 195
 Knowland, William F. 195
 Molotov, Foreign Minister 179
 Phleger, Herman 196
 Randall, Clarence B. 187, 195
 Robertson, Walter S. 202
 Russell, Francis H. 207
 Sanger, Richard H. 209
 Streibert, Theodore C. 203

Check List of Department of State Press Releases: January 25-31, 1954

Releases may be obtained from the News Division, Department of State, Washington 25, D. C.
 Press release issued prior to January 25 which appears in this issue of the BULLETIN is No. 26 of January 21.

No.	Date	Subject
*34	1/25	Death of Hume Wrong
†35	1/25	Woodward: Private enterprise in South America
†36	1/26	Morton: Building a secure community
†37	1/27	Waugh: Surplus commodities
38	1/27	Dulles: Statement at Berlin
†39	1/27	Morton: Letter on coffee prices
*40	1/29	Educational exchange
†41	1/29	Lodge: What U.N. means to U.S.
†42	1/30	Statement on Guatemala

*Not printed.

†Held for a later issue of the BULLETIN.

Available in pamphlet form . . .

Atomic Power for Peace . . . address by Dwight D. Eisenhower, President of the United States, before the General Assembly of the United Nations December 8, 1953.

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The Department of State

. XXX, No. 764

February 15, 1954



EXPANSION OF DOMESTIC AND FOREIGN PROSPERITY • *Excerpts from President Eisenhower's Economic Report to the Congress* 219

FOREIGN MINISTERS CONTINUE BERLIN TALKS 222

U.S. POLICY TOWARD JAPAN • *by Assistant Secretary Robertson* 229

THE CHALLENGE FOR PRIVATE ENTERPRISE IN LATIN AMERICA • *by Deputy Assistant Secretary Woodward* 234

WHAT THE UNITED NATIONS MEANS TO THE UNITED STATES • *by Ambassador Henry Cabot Lodge, Jr.* 252

THE INTERNATIONAL TIN AGREEMENT OF 1953 • *Article by Clarence W. Nichols* 239

For index see inside back cover



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Expansion of Domestic and Foreign Prosperity

*Excerpts from the President's Economic Report to the Congress*¹

ROLE OF GOVERNMENT IN ECONOMIC PROGRESS

A great opportunity lies before the American people. The United States is in a position immediately to undertake a sustained improvement in national living standards. During World War II the needs of the military services and the contributions that this Nation made to the military efforts of its allies naturally took precedence over all other claims on the economy. The years that followed the war were devoted, in the main, to meeting demands that had been postponed during the conflict and the preceding years of depression. The war in Korea once more assigned first priority to military needs. Today, and we believe tomorrow, this emphasis is no longer as pressing. Our approach to a position of military preparedness now makes it possible to turn the productive potentialities of the economy increasingly to peaceful purposes. This is a welcome opportunity. To help our people seize it, the Federal Government must continue to meet successfully the challenging problems of economic transition from war and inflation to peace and monetary stability.

The Importance of Progress

A high and sustained rate of economic growth is necessary to the welfare, if not to the survival, of America and the free world. The United States is now engaged, and must be for some time to come, in an effort to build security forces adequate to deter and to strike back at aggression. These security-building efforts, and the parallel efforts to raise the defense potentials and the living standards of friendly peoples in other countries, are as much dependent on our industrial

¹H. Doc. 289, 83d Cong., 2d sess. The full text, entitled *Economic Report of the President Transmitted to the Congress January 28, 1954*, also may be obtained from the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C., at 65 cents a copy (paper cover).

production as is the conduct of war itself. Success in them will depend in large part on the amount by which our national output is increased.

... it must be noted that economic progress in our country is tied closely to the progress of the rest of the world. The world is no less interdependent economically than politically. Just as Americans have no chance to enjoy security from aggression while aggression is being committed against other free nations, so also they cannot make maximum progress if other nations suffer economic stagnation or decline. A program for promoting economic progress in America must therefore provide for an extension and strengthening of economic ties with the rest of the world. An accelerated flow of goods and of capital across national boundaries would contribute to economic progress everywhere.

PERFORMANCE OF THE AMERICAN ECONOMY

International Economic Transactions

The outstanding international development of the past year was the achievement of a broadly balanced pattern of trade and payments, at high and growing levels of economic activity. This has been accomplished in an environment of general monetary stability and diminishing controls, both within and among the nations of the free world. Some countries, however, still depend in part on United States military expenditures abroad, as well as on a variety of restrictions on dollar transactions.

There was little change between 1952 and 1953 in the export balance of the United States, when military grant-in-aid shipments are included with exports and military expenditures abroad are

counted with imports. The past year witnessed, however, an important shift in the balance on current transactions between the United States and foreign countries, the broad features of which are displayed in Chart 24.² Excluding transfers of military-aid goods, which require no dollar financing by the recipient countries, the United States had an estimated deficit of 700 million dollars on current account in 1953. This contrasts with a surplus of 1.7 billion in 1952, 10.7 billion in 1947, and about 5.5 billion in 1948 and 1949.

Thus, the free world has continued to make progress toward economic and financial strength. In the postwar period, taken as a whole, foreign economies have been able to adjust to a sharp reduction of United States economic aid (including loans), and still maintain a high level of imports from the United States. Their gold and dollar holdings have increased by about 8 billion dollars in the last five years and are now 50 percent higher than in 1937. Official monetary reserves outside the sterling area are probably better distributed today than ever before, from the standpoint of their relation to the volume of imports and the different needs of foreign countries for liquid balances to meet fluctuations in export earnings.

Numerous factors have contributed to the great improvement in the dollar position of foreign economies. The outstanding fact is the great increase in their productive power, which has enabled them to increase exports to the United States while meeting their own enlarged domestic requirements. Some part, of course, of the current dollar earnings of foreign countries arises from our Government's expenditures abroad for military goods and services. These amounted to an estimated 2.5 billion dollars in 1953, which is equal to about 15 percent of our total payments for foreign goods and services and about equal to the increase in foreign holdings of gold and dollar balances during the year.

Changes since 1947 in the current account balances of major trading areas with the United States are shown in Chart 25.² The most notable improvement was recorded in the transactions of Western Europe, which closed with an estimated surplus of 1.5 billion dollars in 1953, in contrast to a deficit of over 5 billion in 1947. The industrial production of Western Europe is now running about 40 percent above 1938, and the volume of exports has risen by some 60 percent, while imports—including raw materials processed for export—are only slightly above their prewar level.

The recovery of the sterling area from the post-Korean deficits began in mid-1952 and continued in 1953 with the accumulation of a surplus of about half a billion dollars in its current transactions with the United States. The growth of economic activity throughout the free world sustained the volume of exports of the independent

sterling area countries and facilitated the adaptation of their economies to the collapse of the raw materials price boom in 1951. The same was generally true of raw material exporting countries.

The current account deficit of the Western Hemisphere in 1953 is traceable entirely to Canada whose deficit was offset by United States private investments and by net exports to other countries. The countries of Latin America, taken as a whole, were close to a balance in their 1953 current account; but it should be noted that this resulted partly from the tighter import controls imposed by some of them. Difficult readjustments are still in prospect in Far Eastern countries whose normal trade patterns were distorted by the Korean war and other political disturbances.

GOVERNMENTAL POLICY IN A YEAR OF ECONOMIC CHANGE

International Economic Policy

The aim of the Federal Government during the past year was to maintain stability in the field of commercial policy, pending a broad survey of all aspects of our international economic relations. At the President's request the Congress extended for one year the Reciprocal Trade Agreements program without major amendment, and set up a Commission on Foreign Economic Policy to recommend appropriate means for the improvement of international trade—"consistent with a sound domestic economy, our foreign economic policy, and the trade aspects of our national security and total foreign policy." In line with the President's recommendation, the Congress also enacted the Customs Simplification Act designed to simplify, and to remove the inequities of, customs regulations. The United States participated in international efforts to stabilize the markets for wheat and sugar. Extensive military and economic assistance to foreign countries was continued, but with the improvement in the economic strength of Western Europe, the economic aid program was curtailed. Emphasis was also continued on fostering improvements in the industrial productivity of friendly countries, in the interest of stimulating their economic development and raising the living standards of their people.

ECONOMIC RELATIONS WITH OTHER COUNTRIES

The broad economic advance of the nations of the free world during 1953, to which we have re-

² Not printed here.

ferred previously, is heartening evidence of the effective use made of the aid given by the United States to postwar reconstruction and development. Increasingly, foreign countries are resuming domestic policies aimed at maintaining budgetary balance and stable prices. United States aid was intended to help, and has helped, these countries bridge the difficulties and reduce the burdens of postwar economic readjustment. It could not, of course, serve as a substitute for financial measures needed to achieve internal balance.

Progress Toward a Free World Economy

The vitality of free institutions has enabled them to survive the strain of two world wars and a world depression of great magnitude. In spite of the growth of economic controls arising from these events, the trading system of the free world is still mainly one in which transactions are conducted by private enterprises rather than by governments. The interference of the State with competitive market forces has receded from its wartime peak. Economic reconstruction and the recovery of production have in most countries been accompanied by a relaxation or removal of price controls, rationing, state buying, and trade and exchange restrictions. In spite of new strains and temporary setbacks associated with the Korean war, notable progress has been made since 1950 in returning to freer economic processes. But much remains to be done before an enduring balance of international transactions in goods and currencies is re-established.

There is a general recognition, here and abroad, of the need for a freer system of trade and payments. It is a responsibility of governments to create and maintain the circumstances in which private traders can conduct their transactions with the fewest impediments from exchange controls or trade restrictions. Sustained prosperity in an interdependent world is a task of all free nations, working together.

The progress already made toward liberalization of international trade and payments should be continued by vigorous efforts to reduce the remaining barriers that stand in the way. Among these impediments are the uncertainties arising from the sensitivity of other economic areas to fluctuations of the United States economy. The program of action outlined in this Report to strengthen the forces of economic growth and resistance to deflation, combined with the determination of the Federal Government to employ all of its powers to prevent severe slumps in the future, should be as reassuring to the peoples of other countries as it is to the people of the United States. In common with other countries, the United States is determined to continue its efforts to attain the common objective—a steadily expanding world economy.

Domestic Economic Stability

A policy to promote economic growth and stability cannot be limited to our domestic affairs, but must, of necessity, extend to our relations with other nations. One of the basic lessons of history is the interdependence between prosperity at home and prosperity abroad; between depression at home and depression abroad. This close link might conceivably be broken by the adoption of nationalistic measures, tending to isolate individual nations and areas from outside fluctuations. The objections to such policies are, however, overwhelming. The sacrifices in economic efficiency and living standards which they involve have long been emphasized and need not be restated. The rigid controls necessary to keep such an economy in balance would be intolerable. Equally important, economic isolation is no guarantee of internal stability. The severity of the depression of the thirties was aggravated by the nationalistic character of the programs devised to combat it, as "beggar-my-neighbor" policies spread currency depreciation, tariff increases, import restrictions, and exchange controls from country to country. Flexible trade and capital movements, supplemented by cooperative policies between governments and central banks, are far more likely to help stabilize national economies, to cushion the impact of domestic disturbances, and to prevent their spreading to the world at large.

The system toward which we must work is one which will provide increasing opportunities for mutually advantageous trade among the free nations, and which can operate without the repeated extension of grants-of-aid from any nation. There is no single measure by the United States or any other nation which can bring such a system into being. Its achievement will call for a variety of measures on the part of all nations. The principal contribution that the United States can make to the achievement of an efficient system of international trade and payments is to maintain a vigorous, healthy, and expanding economy.

Reduction of International Barriers

This, however, is not enough. World trade has been conducted in years past under the constant threat of the erection of new trade barriers by all of the major importing countries. In the case of the United States, as our foreign trade policy has been debated from year to year, other nations have come to entertain doubts concerning its continuity. Although we have in fact carried out vigorous tariff-reducing programs in recent years, we have undertaken these measures in an atmosphere of constant uncertainty. Our trade policy and customs administration should provide a sense of continuity, stability, and forward movement to the rest of the world.

These policies of the United States should facilitate, and be accompanied by, similar measures by

other nations to reduce governmental interference with the free movement of goods and capital. In such a program high priority should be given to the elimination of bilateral and discriminatory trade and exchange techniques which strike at the very core of international competition and currency convertibility. This should lay the basis for further and continuing advances toward the general reduction of trade restrictions, as agreed to and already begun under existing international agreements. At the same time, barriers to the

movement of private capital should be removed, so that it may play a fuller role in developing new sources of materials, creating new productive facilities, and contributing to an increase in standards of living throughout the free world.

The Administration is now intensively engaged in assessing the findings and recommendations of the newly completed report of the Commission on Foreign Economic Policy. On the basis of this study a comprehensive program will be presented to the Congress for action.

Foreign Ministers Continue Berlin Talks

Following are texts of further statements made by Secretary Dulles during the Foreign Ministers' Conference which opened at Berlin on January 25, together with the text of a resolution proposed by the Soviet Foreign Minister on February 4.¹

STATEMENT OF JANUARY 28

Press release 47 dated February 3

Mr. President, when we adjourned yesterday evening, I had a sense of complete recall—recall to those days in 1945 when I gained a great admiration for your skill as a diplomat. In a book I wrote 4 years ago, I paid tribute to Mr. Molotov's diplomatic skill. I am glad to see that he has not lost his touch.

Yesterday Mr. Molotov produced out of his hat rabbits for all of us: Peace in Korea, peace in Indochina, an end to the armaments race, the abolition of atomic weapons, the end of tension everywhere throughout the world by the pacific settlement of all the disputes which rage throughout the world, and a tremendous increase in economic prosperity.

These achievements were all to be made possible if only we were to invite Mr. Chou En-lai to come here and sit down with us. That fact, Mr. Molotov implied, would automatically satisfy the aspirations for peace and welfare which men have had throughout all the ages. Who is this Chou En-lai whose addition to our circle would make possible all that has for so long seemed impossible? He is a leader of a regime which gained de facto power on the China mainland through bloody war, which has liquidated millions of Chinese as the only means of maintaining its powers; which

so diverts the economic resources of its impoverished people to military efforts that they starve by the millions; which became an open aggressor in Korea and was so adjudged by the United Nations; which promotes aggression in Indochina by training and equipping the aggressors and supplying them with vast amounts of war munitions.

Such is the man whose presence Mr. Molotov urges would enable them to gain lasting peace and mounting prosperity.

In my opening remarks I said that the United States recognizes the fact of evil, but that we do not take it to our breast and call it good. That is precisely what Mr. Molotov proposes we should do with this source of so much human misery.

There is within each of our countries an intense longing for the peace and prosperity which Mr. Molotov so artfully portrayed. But there also remains, I believe, some capacity to assert our reason and some willingness to supply moral principles. Our reason tells us that Mr. Molotov's portrayal is the portrayal of an illusion. Our moral sense forbids the relationship which he proposes.

Mr. Molotov's proposal, when viewed in the cold light of the morning after, consists in effect of holding out to all the world the hopes which were entertained when the United Nations was formed and saying in effect that those hopes can now be realized through establishing a council of five, including Communist China. Mr. Molotov would transfer to this council all of the essential tasks of the United Nations.

He chided us for assuming that his proposal merely involved the council in dealing with questions of political character. He explained that his proposal went far beyond that. Not only would he have the council deal with all of the political problems of the world, but also with problems of a military nature, of an economic na-

¹ For texts of earlier statements, see BULLETIN of Feb. 8, p. 179.

ture—such as the reduction of armaments, including the problem of atomic weapons and also the problem of removing trade barriers so that the 800 million people subject to Mr. Molotov's type of Communist rule will no longer be impoverished because they can draw on the vastly higher standards of living which prevail in the non-Communist world.

I took occasion this morning to look over the Charter of the United Nations. I saw that article 11 gives the General Assembly responsibility to make proposals with reference to "disarmament and the regulation of armaments." I saw that article 13 gives the General Assembly the responsibility to make proposals with reference to "promoting international cooperation in the economic field." I saw that article 14 gives the General Assembly the right to propose a "peaceful adjustment of any situation, regardless of origin, which it deems likely to impair the general welfare or friendly relations among nations."

I saw that article 26 gives the Security Council the primary responsibility to develop plans "for the establishment of a system for the regulation of armaments," and that articles 33 to 51 give the Security Council primary responsibility to deal with the pacific settlement of disputes and to take action with respect to threats to the peace, breaches of the peace, and acts of aggression. I saw that articles 61 and 62 established an economic and social council to make recommendations with respect to international economic matters.

Effect of U. S. S. R. Proposal

I saw that article 99 gave the Secretary General the authority to "bring to the attention of the Security Council any matter which . . . may threaten the maintenance of international peace and security." When I thus compared the United Nations Charter with Mr. Molotov's speech, I saw that in effect he proposed that the Council of the so-called "five great powers" should in effect supersede the United Nations.

Mr. Molotov attempted to meet my earlier statement that his proposal had this effect by pointing out that the Potsdam agreement created a Council of Foreign Ministers even after the United Nations Charter had been adopted. But this analogy is not applicable. The Council of Foreign Ministers established under the Potsdam agreement was established pursuant to the provisions of article 107 of the Charter which expressly authorized the Allied powers to conclude the peace settlement. That was the limited purpose of the Potsdam Council. Mr. Molotov's present proposal for a council does not fall within the exception provided for by article 107 of the Charter.

It is obvious that the "five-power conference" proposed by Mr. Molotov could not be a conference of temporary duration. It would be incredible that the four of us, even with the addition of

the fabulous Mr. Chou En-lai, would be able quickly to solve the political, economic, and military problems with which the United Nations has wrestled unsuccessfully for the past 9 years. The task proposed for the conference by Mr. Molotov would inevitably turn that conference into a permanent body with a vast network of subcommittees and experts. This would in effect replace the United Nations.

Mr. Molotov scarcely disguises the fact that this is what he has in mind. He has said that, because the United Nations does not accept the credentials of the Communist regime of China, therefore the United Nations should be bypassed and its responsibilities must be taken over by a new world organization which would be an assumption by the five so-called "great powers" of the responsibility and authority to rule the world with reference to political, armament, and economic matters. In other words, because the United Nations has refused to admit into its councils a proclaimed aggressor, Mr. Molotov contends the United Nations must be penalized by having its responsibilities transferred to the aggressor.

Mr. Molotov has entertained us by an exhibition of his ability to make the preposterous seem plausible. However, we did not come here for entertainment. We came here in the hopes of doing some serious business.

My feeling is that we have had an adequate "first round" exchange of views on this subject—the first item on our agenda—and that without forgetting what has been said we now move on to an exchange of views regarding the two other agenda items relating to Germany and Austria.

STATEMENT OF FEBRUARY 2

Press release 50 dated February 3

Yesterday, Mr. Molotov delivered himself of a major polemic. Apparently, he felt that we had left far behind us the first agenda item. That item dealt with the relaxing of international tensions. But, since we were on the second agenda item, Mr. Molotov felt moved to intensify international tensions, so he made bitter accusations against France, the United Kingdom, and the United States. He charged us with conspiring to start a new world war with the help of revived German militarism.

If it is desirable to relax international tensions, and I think it is, I wonder whether it is not desirable for us to seek this all the time, and not merely as item 1 of an agenda.

I have said that I was prepared to assume, at least for the purpose of this meeting, that the Soviet Union honestly wants peace.

I do not know what the Soviet Foreign Minister really thinks about us. Whatever his judgment is, he must know that he is not infallible. He has

sometimes been wrong, and he might have been wrong when he accused us yesterday of being the enemies of peace.

I recall that Mr. Molotov was wrong in October 1939 when he condemned France and Britain as being aggressors and praised Hitlerite Germany as being the peace-seeking country. I have in my hands a speech which the Soviet Minister of Foreign Affairs made in Moscow on October 31, 1939.² Already the war was on and, in Molotov's words: "It needed only one swift blow to Poland first by the German Army and then by the Red Army, and nothing remained of this ugly offspring of the Versailles Treaty." In that speech, Mr. Molotov boasted of the "rapprochement and the establishment of friendly relations between the U.S.S.R. and Germany." He then said that "as far as the European great powers are concerned, Germany is in the position of a state which is striving for the earliest termination of the war and for peace, whereas Great Britain and France, which but yesterday were declaiming against aggression, are in favor of continuing the war and are opposed to the conclusion of peace." "It is," said Mr. Molotov, "not only senseless but criminal to wage such a war—a war for the 'destruction of Hitlerism' camouflaged as a fight for 'democracy'."

Perhaps Mr. Molotov would admit that he then made a mistake—we all make mistakes. That fact should lead us not to be so confident of our judgment that we hurl across the table accusations of criminal intent.

It is quite natural that we should disagree with each other and reason with each other in an effort to get agreement. But I suggest that we should not here recklessly attack each other's motives.

I should like to reason with Mr. Molotov about his plan for solving the German problem with major dependence upon the so-called German Democratic Government of East Germany.³

The Soviet Foreign Minister has made yester-

day one statement with which we completely agree. He says: "The German problem is first and foremost a problem to be solved by the German people themselves," and that Germany should participate "at all stages of the peace treaty's preparations."

Need for Single German Government

Precisely for that reason we believe that the first task is to establish a single German government which can speak authentically for the German people as a whole. It will not help us to have a tumult of conflicting opinions.

It is the thesis of the Soviet Union, if I understand rightly, that in the making of the peace treaty we are to consult with the German people through what the Soviet Foreign Minister calls "the representatives of Eastern and Western Germany."

We know that in West Germany there is a government which draws its authority from the German people as a result of free and vigorously contested elections. The people of the West German Republic had an opportunity to hear all the issues debated from opposing viewpoints and to vote for candidates of their own choosing. The Government of the West German Republic is, without question, entitled to speak for that large majority of the German people who reside in the West German Republic, and we do not doubt that it reflects the overwhelming judgment of the East Germans as well.

But how about the so-called "government" of the German Democratic Republic which rules in East Germany? According to the Soviet Foreign Minister, it was "called to power by the overwhelming majority of the population of Eastern Germany."

It is true that 98 percent of the eligible voters appeared at the polling places. They came because they had been told that, if they did not come, they would be treated as "enemies of the peace" and subjected to grave penalties as such. The entire population of many villages was forcibly rounded up and marched to the polls.

It is true that 99.7 percent of the voters were recorded as having "elected" the government of the German People's Republic. The story behind this is that, after the voters arrived at the polls, they were handed a ballot. It was a ballot which had been secretly printed. And it was not made public until election day. I have a copy of that ballot here. It is simply a list of names. No place is provided on the ballot to indicate approval or disapproval. There was no way to vote "no." There was not even a way to mark the ballot with a "yes"—a privilege which, as I recall, even Hitler conceded to his subjects. The voters were merely ordered to put the ballot in the ballot box.

It might be noted in passing that the name which heads the list on the ballot which I hold here in my

² For a summary of the speech transmitted to Washington by Laurence A. Steinhardt, U. S. Ambassador at Moscow, see *Foreign Relations of the United States. The Soviet Union, 1933-39*, p. 786.

³ Foreign Minister Molotov on Feb. 1 introduced an amended version of a plan originally offered by the U.S.S.R. on Mar. 10, 1952 (for text, see BULLETIN of Apr. 7, 1952, p. 532). Following are the amendments he proposed:

To section entitled "Political Provisions," add:
"No obligations of a political or military character arising out of the treaties or agreements concluded by the Governments of the Federal Republic or the German Democratic Republic prior to the signing of the peace treaty and the reunification of Germany shall be imposed on Germany."

To section entitled "Economic Provisions," add:
"Germany shall be fully exempt from payment to the United States of America, the United Kingdom, France, and the USSR of post-war state debts with the exception of those arising out of trade obligations."

To section entitled "Military Provisions," add:
"These armed forces shall be limited to those required to meet the needs of internal security, local border defense, and anti-aircraft defense."

hand is the name of Mr. Ulbricht, a one-time Soviet citizen.

I wonder whether Mr. Molotov really believes that this type of so-called "election" gives the so-called "government" a mandate to speak for the people of East Germany.

I myself doubt that that performance provides the means of finding out what the East Germans really want. That doubt springs not only from the character of the so-called "elections" themselves, which I have described, but also from what has happened since.

East German Attitude Toward Rulers

Since the October events that I describe, nearly a million East Germans have fled the East zone to the West zone and West sector of Berlin. Does that prove the popularity of the rulers and their capacity to speak for the ruled?

Last year hungry Germans under the rule of their so-called "government" sought and obtained five million food parcels from the West. Does that prove that the people are satisfied with their rulers?

In the Eastern area there is an armed force of 250,000 to keep order. That is one guard for 80 persons. In West Germany there is one policeman for 330 persons. Does this shocking discrepancy prove that the East Germans freely accept the order that their rulers impose?

If the facts I mention do not suffice to prove to Mr. Molotov my point, I can mention more. But I hope it will not seem necessary to do so.

As I understand the proposals of the Soviet Union, they treat it as of the essence that four of us should accept the so-called German Democratic Republic as one of the principal organs whereby the German problem is to be solved. We cannot accept that position.

We know that the German people would regard as contaminated any decisions which were fastened upon them through the interposition of the "German People's Republic."

Mr. Molotov has said: "Only they themselves, only the Germans, can really solve the German problem. Any other solution of the German question would be unreasonable and unfair to the German people."

Because we believe that premise, we are compelled to reject the Soviet proposal and return to that which the three Western powers support.

We urge that Mr. Molotov agree to create quickly by free, all-German elections a German government which can genuinely speak for all of Germany and thus provide the indispensable basis for a peace that will last, because it will be a peace of consent.

In his speech yesterday, the Soviet Foreign Minister sought to divert us from the serious discussion of this urgent topic by injecting a series

of charges against the United States, Great Britain, and France, which he claimed "are trying to form a military bloc directed against the Soviet Union."

I will not take time at this conference to reject these charges in detail. There is nothing new in them. The same familiar charges have been made year after year in the United Nations. They have been refuted time after time, year after year.

For example, Mr. Molotov says that \$100 million was appropriated by the U. S. Congress for "subversive" activities within the Soviet satellite countries. That charge, often made, was completely rejected when raised by Mr. Vyshinsky in the United Nations. I refute it again as being totally untrue. That legislation has been utilized solely for the purpose of assistance to refugees fleeing from the Soviet bloc, such as the one million who, as I mentioned, fled from East Germany to the West. It is elementary kindness to assist these refugees to make a new start in life.

Perhaps there would have been fewer of them if, in 1948, the Soviet Union had allowed its satellites to share the thousands of millions of dollars which the United States made available to relieve conditions of economic distress abroad. Perhaps then, too, a Soviet mistake was made.

U. S. Contributions to Military Victories

I would recall to the Soviet Foreign Minister that the United States is one of the nations which paid a very heavy price for two German aggressions. We came into World War I, and we came into World War II, when it seemed that German militarism might gain decisive victories in Europe and dominate the Eurasian continent.

It would not be profitable for us here to engage in unseemly competition as to the importance of our relative contributions to the ultimate defeat of Nazi Germany. That defeat required blood and steel, and the United States contributed both. There was a time when the Soviet Union paid tribute to that contribution.

In light of that history, the United States feels that it has earned the right to shrug off, as foolish chatter, the accusation that it now seeks to recreate the very force that has twice so cruelly hurt it.

The United States is dedicating its material, intellectual, and spiritual resources to building a world of peace.

We took a leading part in creating the United Nations. We take seriously our obligation under that charter to refrain from the threat or use of force against the territorial integrity or political independence of any state. That obligation will apply to Germany when she becomes a member of the United Nations.

We take seriously the undertaking of that organization to insure that states which are not members of the United Nations act in accordance

with that principle. That undertaking applies to Germany until she becomes a member.

Mr. Molotov has claimed that the North Atlantic Treaty is aimed at the Soviet Union. That treaty, made pursuant to the United Nations Charter, contemplates the use of force only if there is an armed attack against one of the parties. I hope that Mr. Molotov does not imply that the Soviet Union intends to bring that tragedy to pass. If it does not, then it need not fear the treaty.

The Soviet Union, which dominates a military bloc of 800 million people, seems to be fearful if any other nations combine for their defense. The reasons for such combination are simple, and the combination conceals nothing sinister.

If any one of the Western European nations were alone to be strong enough to defend itself against possible attack from the Soviet bloc, it would from an internal standpoint endanger its economy and from an external standpoint, endanger its neighbors.

The Soviet Union proposes that Germany should be allowed to have defensive strength on a national basis. But if Germany had national forces strong enough to defend itself from external attack, it would be so strong that it would threaten all of Western Europe.

Need for Strength Through Community Efforts

The only way in which nations can obtain necessary defensive strength without themselves becoming an aggressive menace is by community efforts. Under those circumstances no single nation is strong enough to attack alone; but the combined strength deters aggression. This system, it is true, sometimes involves one member of the community helping to maintain deterrent forces on the territory of another member of the community. Mr. Molotov had particularly complained of this aspect of the security arrangements participated in by the United States, the United Kingdom, and France in cooperation with their associates. The fact is that such arrangements are a mighty safeguard against aggression. They mean that only the combined will of many nations can set the defensive system into action.

The greatest danger to world peace lies in the fact that in some cases a vast military establishment can be made to attack by the decision of a single nation, sometimes indeed by the decision of a single man. That is a situation which is understandably terrifying.

But where a military establishment cannot act without the combined will of many countries, then only a clear defensive need can bring about the necessary concurrence of national wills.

Furthermore, in this way, it is possible to get adequate defense without forcing the people, and particularly the workers, to suffer by requiring them to toil unproductively. It is understandable that the Soviet Union should want to force on the

free nations a system which will drag down their higher standard of living. But, we shall have none of that, Mr. Molotov. We shall have both security and human welfare.

When I spoke here a week ago today, I pointed out the United States course of conduct following World War II.⁴ We promptly withdrew our vast armies and air and naval forces from Europe. We largely dismantled our military forces to a mere fraction of about one-tenth of their World War II strength. We reversed that course only when Communist aggression in Korea aroused us to the fact of danger. Then, in concert with the many others who shared our fear, we undertook to re-create a reasonable defensive posture. Now that that position is in sight, we are leveling off our national expenditure for military purposes and the NATO countries are doing the same.

This conduct cannot be reconciled with any aggressive purpose.

The Soviet Minister must know that fact. If he does not admit it, it can only be because he believes that to misrepresent the truth will serve some ulterior purpose.

Mr. Molotov has rightly said that we live in a modern age, and should take into account the lessons or models of modern history. That is precisely what we are trying to do. We are seeking to apply in the international field these principles which every civilized community applies as among its members to get peace and security at bearable cost. That is the effort in which the United States wholeheartedly joins with others who are likeminded.

No single act that the United States has taken or will take carries any threat to the Soviet Union so long as the Soviet Union itself abides by the principles of the United Nations to which it has solemnly subscribed.

Let this conference now get back to the problem of Germany and of how to welcome and nurture the desire of the new Germany to find for her energies an outlet which, better than unbridled nationalism, will serve the needs of Germany, of Europe and, indeed, of all the world.

STATEMENT OF FEBRUARY 3

Press release 53 dated February 4

I think that we can take satisfaction in the fact that Mr. Molotov's remarks have gone to the heart of the problem which we are discussing here today. I would have preferred that this discussion would have been preceded by a more clear statement of the Soviet proposals, which I had thought Mr. Molotov had promised us. But, even without that, I would be glad to give a few impromptu reactions to the remarks which Mr. Molotov has made.

⁴BULLETIN of Feb. 8, p. 179.

We face the fact that Germany has been divided now for nearly 9 years. Part of Germany has been identified with the Soviet system, the Eastern part of Germany, and the Western part of Germany has been identified with the Western system. All the Germans, East or West, now have a very good idea as to what is the meaning and significance of our respective systems.

We believe that the time has come when that division cannot be continued without very great peril to all of us, and that the next step is to unite Germany through free elections, and give united Germany a genuine choice as to what it wants to do.

One of those choices may be the choice of becoming a member of the contemplated European Defense Community. We do not disguise the fact that we hope that that choice will be available to Germany. We do not disguise the fact that some of us, at least, hope Germany will make that choice. But I do want to emphasize, in categorical terms, the fact that we do intend that united Germany should have a real choice in the matter. If I have not expressed myself earlier, it was only because it seemed to me that the remarks which had already been made by Mr. Bidault and Mr. Eden were so clear and so obviously based upon the terms of the proposals which Mr. Eden had made there could not be any real doubt about the matter.

If the Soviet Foreign Minister feels that the language in the proposal tabled by Mr. Eden⁵ is not entirely clear in that respect, I have no doubt that Mr. Eden would agree to whatever clarification is necessary so as to eliminate any last trace of doubt on that proposition.

It is basic in the thinking which the United States has—and I believe it is shared by France and the United Kingdom—that a united Germany should in fact have a free choice in this matter.

I suspect, however, that the problem which Mr. Molotov has posed here could not be really settled in the simple way I just described, simply by clarification of the text which we are considering. I am afraid that what is really giving Mr. Molotov concern is the fear that the choice which we would offer Germany would be exercised in a sense favorable to adhesion to the Community, which apparently the Soviet Foreign Minister fears, and it is that which is primarily causing him concern.

There has unfortunately developed among us a deep-rooted suspicion that any result which is sought by the Western Powers is automatically something which is undesirable or dangerous toward the Eastern Powers and vice versa. I hope that that suspicion can to some extent be dispelled and that it could be recognized here that the result which we are seeking is a result which, while it would be beneficial to the Western Powers, would equally be beneficial to the Soviet Union.

I have spent some time in my earlier presentations trying to present as persuasively as I could the reasons why I believe that the participation of Germany in a European defense community, which would mean no national army for Germany and no general staff for Germany, would produce most effectively the result which all four of us around this table want desperately to assure; that is, a Germany which for the future will be committed to ways of peace and that there would be no repetition of the disastrous past.

I hope that, as a result of our talks here, there will come to the Soviet Union a genuine realization that what we are seeking here is something which is in the common interest; that therefore they should not fear giving the Germans a really genuine opportunity to choose it, if that is their desire.

STATEMENT OF FEBRUARY 4

Press release 56 dated February 5

I have been told that the zigzag was an essential part of the Soviet practice. If so, I think that the discussions of the last few days form a classic example.

I have seldom been as confused in my life as I am at this moment. We have been debating for several days the plan which you tabled, Mr. Chairman, and we discussed a section to which Mr. Molotov devoted his attention. And after we finally had agreed, the three of us, to amend it to meet what we understood were Mr. Molotov's views, then he said he rejected the whole plan.

I wonder why we spent so long debating one paragraph of the plan if the whole plan was unacceptable.

Then, Mr. Molotov, as I understood, attacked our proposal on the ground that it did not give the Germans sufficient freedom of choice as to what they would do in relation to their future international relations. And when we had painstakingly explained that the plan did give them complete freedom of choice in that matter, then apparently the plan could not meet Mr. Molotov's approval because it gives the Germans too much freedom.

He explained at great length how the Germans could not be trusted with freedom; how they had abused freedom in the past; and from that it is to be inferred that they should not have the freedom that they had in the past. And there again I am completely confused and bewildered.

Then there was a question of the all-German elections. The plan which you tabled, Mr. Chairman, provided for the careful supervision of the elections, not only supervised by the four occupying powers, but also possibly by neutrals, to be sure there would be true freedom of elections.

But Mr. Molotov says that that proposal indi-

⁵ BULLETIN of Feb. 8, p. 186.

ates that we do not trust the Germans and the elections are not sufficiently free. And in the same breath he also says the elections must be so conducted that what he calls the "nondemocratic" elements in Germany are not going to be allowed to vote.

I am curious to know as to how that can be accomplished without a supervision of the elections.

I cannot but believe that what he really has in mind is that there must be conducted in all of Germany the type of elections which I described earlier, which had brought the "government" of East Germany into power, where everybody was compelled to put in a ballot to assure that there would be no possibility of any "undesirable" person being chosen.

We discussed at great length the Paris and Bonn treaties yesterday and again today and explained in simple words, words of one syllable, that the unified Germany would have the choice as to whether or not to adhere to those treaties. Nevertheless, the Soviet Foreign Minister continues to make the assertion that they still would be bound by these treaties and he insists upon his formula which would, as he interprets it, prohibit adopting such treaties.

The fact is that there is a compulsion on the part of the Germans to align themselves with the Western European community. It is not a compulsion of law or treaty. We have made that perfectly clear. It is a kind of compulsion which draws inevitably the East Germans toward the West. It is the same compulsion that has drawn 1 million East Germans to seek sanctuary in the West, and it is that compulsion Mr. Molotov would prohibit by legal and military action, because despite what he says about wanting the Germans to have freedom of choice, the fact is his formula would deny them that freedom which they seek by themselves—which are irresistible attractions unless held back by military power.

I speak only of the compulsion of the spirit, of the human aspirations which under the plan we have proposed would enable the Germans freely to seek their own future.

I, of course, will study carefully the proposal which has been submitted by the Soviet Foreign Minister.

But certainly on the basis of his own explanation of it, I am regretfully compelled to feel that it indicates that the conditions attached to German elections and the establishment of an all-German government are such that they are calculated to make them operative only if there is an extension of the system of the East German Republic to all of Germany.

If that is in fact the interpretation which his proposal seems to bear, that would indeed be a very tragic conclusion for this conference to have to end on, as far as Germany is concerned.

I felt, however, that after all the zigging and zagging perhaps the Soviet Foreign Minister's

last words about troop withdrawal from Germany indicated the objective to which all else had led up—namely, the ending of any defense of Western Germany; its complete exposure to the vast forces that lie to the East.

And we must also recognize that if all Western Germany is so exposed, that exposure also endangers all of Western Europe.

PROPOSAL BY MR. MOLOTOV

Draft resolution presented on February 4 by Soviet Foreign Minister

[Unofficial translation]

Recognizing the need to put an end to the division of Germany and in conformity with existing four-power agreements to implement the national reunification of Germany along democratic and peaceful lines, the Governments of the Soviet Union, France, the United Kingdom, and the United States of America have come to the following agreement:

1. The formation of a provisional all-German government by the Parliaments of the German Democratic Republic and the German Federal Republic with wide participation of democratic organizations shall be considered an urgent task.

The provisional all-German government can be set up in place of the existing governments of Eastern and Western Germany or, should this prove difficult at present, with these governments being maintained for a certain period of time.

2. The principal task of the provisional all-German government shall be the preparation for and the holding of all-German elections, i. e.:

(a) To prepare a draft all-German electoral law that would ensure a genuinely democratic character of the all-German elections, participation in the elections of all democratic organizations and the carrying-out of the elections under conditions of genuine freedom which would preclude pressure upon voters by big monopolies;

(b) To verify, should they consider this to be advisable, the existence throughout Germany of conditions necessary for holding democratic elections and to take measures to provide such conditions;

(c) To hold free all-German elections as a result of which the German people, without the interference of foreign powers, shall decide upon the social and state structure of a democratic Germany and on the basis of which an all-German government shall be formed.

3. The tasks of an all-German government shall also be the following:

(a) To represent Germany during the preparation of a peace treaty and in international organizations;

(b) To prevent the involving of Germany in coalitions or military alliances directed against any power which participated with its armed forces in the war against Hitler Germany;

(c) Matters pertaining to German citizenship;

(d) To insure the freedom of activity for democratic parties and organizations and to prevent the existence of Fascist, militaristic, and other organizations hostile to democracy and the cause of peace;

(e) To develop economic, trade, and cultural relations between Eastern and Western Germany; matters pertaining to transport, post and telegraph communications, freedom of movement of persons and goods throughout Germany and other matters affecting the interests of the German people as a whole.

4. In order to insure for the German people the right to manage their national affairs themselves, it shall be

recommended to the Government of the German Democratic Republic and the Government of the German Federal Republic to call promptly a meeting of plenipotentiary representatives of Eastern and Western Germany in order to agree upon the procedure to be followed in the formation of the provisional all-German government, its composition, functions, tasks, and powers.

5. The Governments of the Soviet Union, France, the United Kingdom, and the U. S. A., for their part, shall take measures to create conditions which will contribute to the successful fulfillment by the provisional all-German

government of its tasks and which will preclude any interference and pressure by foreign powers during the all-German elections. To this end the governments of the Four Powers have agreed to withdraw the occupation forces from the territory of both Eastern and Western Germany even prior to the elections with the exception of limited contingents left to perform protective functions arising out of tasks of control by the Four Powers: For the U.S.S.R. in regard to Eastern Germany and for the U.S.A., the United Kingdom and France in regard to Western Germany.

U.S. Policy Toward Japan

by Walter S. Robertson
*Assistant Secretary for Far Eastern Affairs*¹

One of the compensations for working in the State Department is that occasionally one is permitted to escape, to get out and exchange ideas with some of the elect of the country. Among these elect I include particularly those men and women who, with no hope or expectation of gain or recognition, give up their time and energy to thinking about and discussing the interests of our Nation in world affairs. Without the informed and disinterested scrutiny such persons bring to it, our foreign policy would be erratic and self-defeating, reflecting not the national interest but the shifting balance of power among various pressure groups and the idiosyncrasies of individual officials.

The Cleveland Council on World Affairs was founded in 1923. That was only 31 years ago. Yet in many ways it was another era. In 1923 we were preoccupied with our own affairs and dizzy with the new and exciting prospects opened up by our great industrial expansion and its accompanying prosperity. The jazz age, the motor age, the moving picture age, and the radio age were upon us. Prohibition and the ways of circumventing it were inexhaustible subjects of conversation. Every day, it seemed, the press reported that another mother of three had swum the English Channel. We had little attention to spare for what was taking place in two countries—each destined to exert tremendous influence on its own side of the world where democracy was fighting for its chance.

In Germany, the Weimar Republic was 4 years old. In Japan, the spirit of liberalism and internationalism was in the ascendant. The Crown

Prince, His Highness—now His Majesty—Hirohito had 2 years before broken all precedents and had set foot outside Japan. He had, in fact, toured Europe. Japan had a representative government. In March 1925 the vote was given to all Japanese males over the age of 25. Japan was an ally of the United States, Great Britain, and France in a four-power treaty.

After 1930, the forces of democracy were in retreat in Japan. That year brought the assassination of Premier Hamaguchi, who had accepted a less favorable ratio in warships for Japan at the London Naval Conference than was agreeable to Japanese nationalists. In that year also economic depression became serious for Japan. Agriculture was particularly hard hit and the result was a wave of what has been called radical nationalism, a phenomenon in Japan not entirely dissimilar to the wave of radical nationalism then gathering force in Germany under the swastika.

If this were the First Annual Institute of the Council of World Affairs of 1926 and if we knew what we know now, we should surely be stressing the importance of our doing all we could to bring about conditions favorable to the cause of representative government in Japan and Germany. What we could or should have done in 1926, I shall not try to say. My own feeling about the 20-year period between the two world wars is that too often when we should have been generous we were selfish and when we should have been strong we were weak, until finally we were able to stand firm only at the cost of general war.

I am by no means blaming us for all that grew out of the 1920's and 1930's. To what extent the issue was in our hands at any stage, I do not know. All we can know for sure is that those things which were done did not avert catastrophe.

¹ Address made before the Cleveland Council on World Affairs, Cleveland, Ohio, on Feb. 6 (press release 54 dated Feb. 5).

Another Chance for Freedom

But now, a generation later, freedom is having another chance in Japan and Germany. Once more in Japan—as in Germany—there is a representative government. There is a government composed of men with faith in democracy who are dedicated to the welfare of their people and to securing for their country a place of dignity and honor in the world and a voice in the common affairs of mankind commensurate with its national stature.

It is our policy toward Japan—as toward Germany—to help those men succeed.

As is generally the case when one has failed a test, the terms are, however, a little tougher the next time around. Germany today is truncated and has had far more damage to repair than after World War I. Japan, which was far more devastated by World War II than even by the appalling earthquake of 1923, has lost its overseas possessions and must now support a population three-fifths again as large as in 1918.

After World War I the Communists had their hands full maintaining rule over a prostrate Russia. Today, the Communist empire stretches from the Elbe and the Danube to the waters of Alaska and the South China Sea. This empire, which might appropriately be represented as a double-headed bird of prey, has fixed its appetites with particular hopefulness upon Japan and Germany.

If, however, our obstacles are greater, we have on our side this time much greater productive capacity and, I hope, more wisdom. We have, I believe, learned a good deal. And by *we* I mean the Japanese and the Germans as well as ourselves and our friends in Western Europe.

The United States had a chance during the Occupation of Japan to show what it had learned. We tried, if I may try to express it in one sentence, to give the individual Japanese—man and woman, farmer and industrial worker, artisan and professional man—as large a voice as possible and as large a stake as possible in a country as prosperous as possible. What we wanted for the Japanese was what we have always wanted for our own people.

We gave strong encouragement during the Occupation to Japan's recovery from the war, advancing about \$2 billion to that end. We moved to break up those overconcentrations, or monopolies, of power—economic, political, and military—that had deprived the Japanese people of their rights and opportunities in the years before the war and had led Japan to disaster. It is a conviction of the American people that a stable and progressive society is one in which economic and political power is widely dispersed. This is, of course, one of our outstanding points of difference with the Marxists, whose practice—whatever their theory—is to concentrate ever more power in ever

fewer hands for the benefit of an ever smaller number of people.

Need for a Strong Japan

If I may further condense the statement of our objective in the Occupation, I should say that it was to promote the creation of a strong Japan, in the true and best sense of the word. Unfortunately, a cardinal element of strength was left out of our concept. We and our allies, including those who had been occupied by the Japanese Army, did that which had come to be normal after total war: We totally disarmed the enemy. In addition, Japan with our encouragement renounced military forces in its Constitution. It was not that we wished to leave Japan helpless in the face of deadly danger. On the contrary. We failed to recognize that there was such a danger or to realize what kind of world we were living in and were to live in. We put our faith in the partnership of the United Nations, which had been forged in a war against aggression. We did not discriminate against Japanese safety; we impartially rushed to disarm ourselves as well.

The Japanese are now entirely in command of their country. Our relations with them are those of collaboration between friends and equals. The American troops in Japan are there for the same reason and on the same basis as those in Western Europe—in recognition that the problem of defense against aggression today transcends nationality and does not permit any of us the luxury of living unto himself. As far as we are concerned, nothing in our relations with Japan today reflects the relationship of winner or loser, occupier or occupied. I trust that the great majority of Japanese feel this statement is true.

Today, our hopes for Japan are the same as those of the Occupation. We should like to see a strong Japan, and a Japan whose strength includes adequate defense forces. This is, of course, our policy with respect to all free peoples. I think we have proved that we should like to see all the free peoples grow in strength. But our hopes for Japan have a special meaning and urgency. For in all the expanse of Asia, from the Urals and the Persian Gulf on the west to the Pacific on the east, Japan is alone in being an exporter of the industrial revolution, of its science, its technology, its skills, its machines, its manufactured goods. The other Asian countries are, without exception, net importers of those things.

Whenever we speak in this vein we can count on hearing the cry, "the United States wants to use Japan in its fight with the Communists." I think we should hit this facile slander on two sides. First, we should take every opportunity to make clear that the conflict with communism is not primarily an American affair. It is not, as the neutrals dearly love to picture it, a conflict between two giant powers. The Communist danger con-

cerns most immediately those countries on the borders of the Communist empire that are most exposed to its rapacity. The United States has drawn upon itself the ire of the Communists because those countries have looked to us to support them and have not looked in vain. While the Soviet Union has, of course, the power to attack the United States directly, it is where we have been assisting those directly threatened—Greece, Turkey, the countries of Western Europe, Berlin and the German Federal Republic, Southeast Asia and, of course, Korea above all—that we have come into conflict with the U.S.S.R. The Soviet Russians are quite aware of this, much as they would like to have the world believe that it is only capitalist America that stands in the way of universal peace and brotherhood. We could put an end overnight to the anti-American propaganda pouring out of Moscow and Peiping. We could present the world with a spectacle of the most fraternal association between Americans and Soviet Russians and Chinese Communists. We could eliminate with a single gesture all those bothersome tensions we hear so much about. All we should have to do is wash our hands of the countries on the borders of the Communist empire and leave them to the mercies of what Chou En-lai calls "The camp of peace and democracy headed by the Soviet Union." But that would be, of course, the last way in which to serve our own interests. It would lead to the progressive overpowering of the rest of the free world and ultimately to our own destruction.

The second point to be emphasized is that our reason for wishing to see the Japanese build adequate defense forces is emphatically *not* because we wish to see the Japanese fighting the Communists. The primary purpose of an army is not to fight. It is quite the opposite. The primary purpose of an army is to secure the national objectives without fighting. To the Soviet Union, the Red Army is primarily a weapon of intimidation to be used in causing other countries to cave in without the firing of a shot. To us in the free world, our own armed forces are the means of preventing that from happening and of maintaining our safety in peace. We know only too well that military establishments are expensive. We look forward to the day when the Soviet Union will agree to a fair system of disarmament. And we believe that the sooner all sectors of the free world are adequately strong, the sooner that day will come.

Opponents to Japanese Rearmament

Some Japanese, as well as some others in the Far East, are opposed to Japanese rearmament because they fear it would mean a recrudescence of the military caste in Japan. I believe they are too much influenced by the past. Just as we were thinking too much in terms of 1941 when we disarmed Japan, so those fearful of Japanese mili-

tarism today are, I believe, thinking in terms of May 1932 and February 1936, when vicious attacks were launched on the Japanese civil government by groups of army officers. It seems to us that the conditions of 1954 are distinctly different. The Japanese people are now possessed of the means required to prevent the accumulation of power in the hands of a military caste. They have free elections; they have a representative Diet; they have a free press; they have a Constitution in which human rights are firmly embedded; and above all, they have the experience of the past ever before them.

To assume that, because Japan embarked on imperialist adventures in the past, she is likely to do so again is to take a hopeless view of human affairs. However much we may lament it, the fact is that many of the most respected members of the family of nations have yielded to imperialist urges in the past. Militarism, expansionism, aggressiveness are—we must conclude—not endemic with certain nationalities but epidemic under certain economic, social, and political conditions. We should be watchful not of particular races but of particular circumstances that cause nations to act in certain ways.

Japan has, of course, made a beginning in the development of the means to protect herself. In the future increase in the size of the Japanese Defense Forces, which the Japanese Government has recognized is necessary, we have agreed to help by providing major items of land, sea, and air equipment. We may hope the time is not too remote when Japan—in the words of the Security Treaty of 1951—will be ready "to assume responsibility for its own defense" and we can bring our troops home.

I have talked as if our expectations of Japan lie altogether in the realm of resistance to Communist military aggression. That is not my meaning. The role that awaits Japan is in our view far broader than that. For I think we must recognize that Communist imperialism is only a current symptom, and only one symptom, of ancient and deep-seated evils. The real enemy is the condition that produces communism. The real problem is the problem of human desperation. It is a pitiable aspect of human beings that the more desperate and frightened they are, the readier they are to grasp at panaceas and promises of the millennium, the more susceptible they are to counsels of violence and extremism, the quicker they are to follow the fanatic. The world in our lifetime has presented vast opportunities for imposing upon the credulities of suffering, bewildered humanity. There has been the damage done to men's nerves by the ferocity of our wars, the devastation left by those wars, the upsetting impact of half-understood scientific discoveries upon religious faiths, the bewilderment and confusion of youths and intellectuals looking for something to believe, the frustrations of submerged national-

ities seeking a place in the sun, and the vast discontent of the millions who have learned that poverty and disease are no longer the inevitable lot of all but a small privileged class. There the fanatics have found their chance. Those who in a healthy society would be mere harmless cranks and misfits have been able to exploit the vast physical, spiritual, and intellectual unhappiness of our era to build brutal, terroristic totalitarianisms characteristically combining immense military forces and dreams of world domination with fantastic dogmas of self-justification.

It is in the disillusionment and despair of so many human beings that the fundamental danger lies, that the real challenge exists for those with the means of alleviating to some degree the conditions that make for such disillusionment and despair. It is in this endeavor we believe that Japan can in time find its most important mission. The Japanese, with their productive capacities and their technical and scientific skills, have the potential of contributing importantly, as we have tried to contribute, to relieving the largely voiceless despair of the hundreds of millions of Asia and of helping them to build a tolerable and rewarding future. To make headway in this task will strain the resources of the free peoples. Japanese resources of mind and skill cannot be dispensed with.

In speaking of Japan's role as a great industrial nation—or our role for that matter—I do not mean to suggest that for all ills there are materialistic solutions. What I do contend is that when we bring peace to those who have lived amid the terrors of war and riot, when we bring medicines to those who are sick and food to those who are hungry, there is never any question in our hearts that we are engaged in a great work with a meaning and consequences transcending the material.

Japan's Economic Situation

What Japan can contribute in the future must obviously depend on her state of health. The facts about Japan's economic situation stand out in bold relief and are doubtless already well known to you. The recovery of Japanese production has been one of the outstanding phenomena of the postwar years. It is now 50 percent more than it was in 1940. On the other hand, there is the alarming situation of Japanese trade. Japan must import 20 percent of its food. Last year there was a failure of the rice crop in Japan. Very little more rice was produced in 1953 than in 1934, when there was also a crop failure. But when in 1934 the population of Japan was 60 million; now it is 87 million. Last year the greater part of what Japan earned by selling her products abroad went to buy food from abroad. With the continuing increase in Japan's population, the abnormal conditions of 1953 may become normal.

It is, of course, not in food alone that Japan is unable to supply her own needs. Japan is lacking in most of the natural resources required by an industrial nation, particularly coal and iron. These must be also bought from abroad. Japan must sell abroad in increasing amounts, but Japan's exports have been shrinking. Last year Japan's exports and its earnings from its shipping amounted to about \$1½ billion while its imports stood at over \$2½ billion. Almost nine-tenths of the difference was made up by U.S. expenditures in Japan incident to the Korean war and the stationing of American troops in Japan. Such expenditures by the United States will not go on indefinitely, however. The plain fact is that Japan is living beyond her earnings from normal sources by about a billion dollars a year. Japan must sell much more abroad. If she is unable to do so we shall be back in 1930—with differences that are apparent to us all.

Trade with Communist China is not the answer. If all restrictions were removed, we believe such trade would only slightly affect Japan's commercial deficit; and to the extent that Japan supplied strategic goods to augment Communist China's war potential—which is what the Chinese Communists want—Japan would be sowing the whirlwind. For above anything else, the Chinese Communists would like to undermine or overpower Japan.

It is also not enough to say that Japan can find a natural trading partner in Southeast Asia. Certainly Southeast Asia needs Japanese manufactured goods. It is buying them at the rate of several hundred million dollars a year. This amount could, of course, be increased by devices to tie Southeast Asia's economy to Japan. But these are out of the question. Japan's products must compete for markets on their merits. And other countries—notably Great Britain, France, the Netherlands, and the United States—are also seeking to expand their trade with Southeast Asia.

What then is the answer? Here is what the Japanese tell us. After noting that there are difficult and stubborn internal problems they themselves must solve, they say "The Japanese nation . . . can exert very little control over the elements which are shackling her foreign trade. These problems—undeveloped or unavailable nearby supply sources, unstable export markets, inconvertibility of foreign currencies, tariff and export-import quota limitations—are primarily in the field of international relations and their solution is dependent upon the development of goodwill and cooperation between the sovereign nations of the free world . . . The United States is the greatest economic power in the world today. Actions taken by the U.S. Government, which appear to the average American situated in his powerful economy to be minor and unimportant, may have a tremendous effect upon the economies

of other, less stable countries. Therefore, the foreign economic policy of the United States is of worldwide significance.”

Need for Increased Purchasing Power

I think we must admit the force of what the Japanese say. I might add one thing. I would say that what is most required, if the economies of Japan and other nations dependent on a large volume of foreign trade are to be viable, is a continuing rise in the purchasing power of the free world—and particularly, so far as Japan is concerned, in Southeast Asia. This can be accomplished by increasing capital investment and continued technological progress. Removing barriers to international trade will also in itself tend to increase the productivity and hence the purchasing power of the trading nations by encouraging each to produce those things which it can produce most efficiently. At the same time, this increased purchasing power will lead to further international trade.

The report of the Randall Commission on United States Foreign Economic Policy released last week makes important recommendations on the subjects we are discussing.² Among these are that our technical cooperation program be pressed forward vigorously, that our Government contribute all it can to the creation abroad of a climate conducive to private foreign investment, and that our Government extend loans to countries where substantial economic aid is necessary in our interests and cannot be provided by private or international sources. I might add that it is by applying such policies as these to Southeast Asia that we could do most to bring about an increasingly fruitful economic relationship between Southeast Asia and Japan. But the recommendations of the Randall Commission with the closest bearing on our policy toward Japan are that our customs procedures should be simplified and that the President should be authorized to reduce our tariffs by 5 percent per year for 3 years and to effect larger reductions in the case of goods on which the tariff is manifestly disproportionately high. We have lowered our tariffs but we must lower them further, not out of charity for foreign producers but in appreciation of our self-interest. The economic gains of trade between two countries

accrue to both. Every dollar Japan makes selling to us she will spend buying from us.

Moreover—and this might be even more significant—the enactment of trade agreement legislation enabling the United States to take the lead in reducing world trade barriers generally would be of tremendous assistance to Japan. The Japanese Government has taken the view that its accession to the General Agreement on Tariffs and Trade—inelegantly known as GATT—by which the participating nations guarantee one another most-favored-nation treatment, would be the most beneficial single step Japan could take toward obtaining guarantees of nondiscriminatory treatment for its exports. We agree. Also of great significance in Japan's foreign trade prospects would be the opportunity for Japan to enter into trade agreement negotiations with the individual contracting parties to GATT for the purpose of reducing tariffs on a reciprocal basis. It is essential that the United States continue to lead other countries in such multilateral efforts.

Quite apart, however, from the matter of profit in international trade, we must consider the paramount interest we have in the economic health of the free nations. The economic collapse of Japan, with all the consequences that must follow from it, could mean something like disaster for the free world. There is no excuse for us not to be perfectly clear upon this point. Perhaps no decision we make in 1954 will be more crucial than those we make with respect to our treatment of imports. The issue at stake is the same issue that was at stake on the battlefields of Korea: the defense and strengthening of the free world. We shall see it demonstrated whether it is easier in our society to send 30,000 of our youths to their death or to expose our domestic producers to an increased competition that all but a small minority could take in their stride and that the consuming public would benefit from. This is putting the question in harsh terms, but the realities we face are themselves of an unrelenting harshness.

I have set forth in general terms what our policy is toward Japan up to the present and I have suggested what many well-informed persons believe is required in the future. Both the Japanese and we in the United States are facing crucial decisions. What we must hope is that these decisions will be made in the two countries on the basis of the actual alternatives that offer and with full regard for the realities that mean so much to us both.

² For principal recommendations, see BULLETIN of Feb. 8, 1954, p. 187.

The Challenge for Private Enterprise in Latin America

by *Robert F. Woodward*

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Anyone who works on relations with Latin America is not likely to underestimate the power of a woman. In 1928 the women of the American Republics organized the Inter-American Commission of Women. The objectives of this Commission were not unlike those of your great League of Women Voters. In that year, 1928, not one of the Latin American countries yet gave the vote to women. Today, 14 of those countries have complete women's suffrage. In three other countries women can vote in municipal elections. And that leaves only three countries in which women do not yet vote at all.

Women, through the ages, have had the reputation of singular foresight, the ability to look into the future and seek a goal, an ideal, without being distracted by the problems and obstacles of today. As we talk about Latin America, I hope that your foresight will confirm my own conviction that we are on the threshold of a vastly expanding relationship with the countries of the Western Hemisphere—that we can look forward to a great new era of fruitful partnership.

The people of the 20 countries of Latin America number 160 million, about the same as our own country. But the population of Latin America has doubled in 40 years. And it is now expanding at a rate more rapid than any other part of the world. When our population in the United States reaches 200 million, which may be less than 25 years from now, the population of Latin America will already far outnumber our own. This great number of people—their economic health, their productivity, and their state of mind—are of momentous and ever-increasing significance to our security and well-being.

Fortunately, we already have unique and strong relations with Latin America. The Organization of American States and the Rio Treaty of Reciprocal Assistance come to mind immediately.

But the fact I wish to emphasize is that private citizens carry on directly the great volume of United States relations with Latin America. These private relations are conducted on such a large scale and in such variety that the government servant must constantly strive to keep in perspective his own efforts to encourage, to conciliate, or coordinate. Once you are fully aware of the scope of private enterprise in our relations with the other countries of this hemisphere, I believe you will be impressed with the responsibility of the citizen—the challenge to the citizen—to represent the United States in his own conduct and character and to move ahead to further achievement.

Let us examine one striking example of these relations, the example of air travel. This has revolutionized personal relationships in this hemisphere. Today, 75 percent of all people traveling between the United States and Latin America travel by airplane—a much higher percentage than in any other comparable part of the world. Look at the short span of years in which this has come about. In 1919 the first commercial airline in the Western Hemisphere began to carry passengers—in Colombia—before passengers were carried in the United States. Today there are 50 airlines in Latin America alone, and last year their 700 airplanes traveled a distance more than 3,000 times around the world at the Equator. The 19 airlines traveling between Latin America and the United States carried over 700,000 passengers. Twenty-five years ago it took 18 days to travel from New York to Buenos Aires. Now, any day in the week, you can do this easily in 30 hours or less. While Government has given much assistance to the airlines, this progress would never have come about had it not been for the enterprise of a large number of private citizens in Latin America and the United States.

None of us wants to glorify speed for itself. But when people are brought 18 times closer together, at least in terms of travel time, this is bound to be important in all relationships. It

¹ Address made before the League of Women Voters of Massachusetts at Cambridge, Mass., on Jan. 27 (press release 35 dated Jan. 25).

makes all forms of association and cooperation easier and more necessary.

Now let us look briefly at the relationships of trade and commerce. Again private enterprise is responsible, and no daily relationships with Latin America are more important. President Eisenhower has declared that "Our whole economy turns and depends upon the commerce of the world." Thousands of businessmen in Latin America and the United States engage in a trade which totaled over \$7 billion last year. Our imports alone, from Latin America, have increased six times in dollar value since 1939—and they are one-third of all United States imports. Imports from Europe have risen in value three times in the same period, but emergency economic aid was required to revive economic activity after the war.

I see no reason why our trade with Latin America should not expand until it matches our huge trade with Canada. On a per capita basis, that would bring our trade with Latin America to \$70 billion a year.

One relentless factor which will increase trade is our growing need for minerals and other raw materials. A recent commission of experts came up with the stern report that already we import 10 percent of all the minerals we consume. In 20 years they estimated the amount will be almost certainly 20 percent. During World War II, Latin America was already our most important foreign source of supply for 20 different strategic materials, including petroleum, copper, and lead. Think of the extent to which we would depend upon friendly collaboration with neighboring countries in the event of another catastrophe. And we must not forget that our wide export trade is dependent upon a stable market in our own country for foreign products. We must buy to be able to sell.

Private Investment

Perhaps the greatest challenge of all to private enterprise in Latin America today is in the field of private investment. Some of the Latin American countries are now aware that private investment has been the Aladdin's lamp which has magically raised living standards in the United States. They are discovering that this lamp need only be rubbed in the right way to create miracles for their own countries—toward fulfillment of their economic aspirations. Only a small amount of encouragement has resulted in the movement of over \$2 billion in new investment from the United States to Latin America since World War II. And American investors now have \$6 billion in Latin America, more than 30 percent of all United States private investment abroad. At the same time, 95 percent of all new investment in Latin America since the war has been of local capital.

When Dr. Milton Eisenhower, the President's

brother, reported on his recent mission to South America,² he expressed his view that private capital primarily must be depended on to develop the great economic potentials of the nations in Latin America. But, he said, "Here we met a great inconsistency: While some condemn foreign investment as an actual or potential evil and while some adopt practices and legislation that frighten or make almost impossible the entrance of foreign capital, *all* strongly insist that a greater volume of public and private capital from abroad is needed if they are to meet their just aspirations." Dr. Eisenhower summed up the situation by saying that "A genuine belief in the value to the community of private competitive enterprise and private profit is perhaps the most fundamental requirement" in Latin American economic development.

Here indeed is a challenge for us. How can we most effectively persuade Latin Americans that private capital has become the servant of the community in our country? How can we dissipate the idea of "Wall Street Imperialism" as pictured in Communist propaganda? The Communists are intensely active in propaganda to discourage investment and commerce. They fear economic improvement and rising living standards which would deflate their arguments. I believe the greatest Communist danger to Latin America so far is their success in delaying economic development.

We should be able to demonstrate that productivity in our own country has been largely due to private enterprise—and that this is therefore the great asset our country has to offer to other countries. And it is important that we do this because, in the long run, economic health and strength that come from productivity in friendly countries are vital to world peace.

To meet this challenge, perhaps we could make better use of the startling facts in recent reports on the United States economy. Last year, for example, our factories produced 500 million pairs of shoes, and our people spent \$230 billion in retail stores. Total personal income for all the people of the United States was \$285 billion. In contrast, however, dividends paid out by all corporations in the United States to all their owners in 1953 were less than \$10 billion. Foreigners who fear the supposed imperialistic monopolies—the corporations and banks—should be reassured to know that less than 4 percent of the national income went to the owners of these institutions. Those who think that the ownership of corporations is concentrated in the hands of a few people should likewise be reassured to know that one family in every ten in the United States owns some shares in corporations—5 million families out of the 50 million families in our country. Incidentally, half the individual shareholders are women. To show the even wider distribution of income among

² BULLETIN of Nov. 23, 1953, p. 695.

our people, despite the supposed concentration of wealth, 21 million families own U.S. Government bonds and 26 million have bank accounts.

Diffusion of Business Ownership

The democratic spirit of business in the United States is also revealed by the vast numbers of owners of the larger corporations. The American Telephone and Telegraph Company alone, a type of business usually operated by Government in other countries, is owned by well over a million shareholders—more than the population of Boston or Habana. A dozen of the larger corporations in the United States have over 100,000 shareholders each, and the numbers of owners have increased by more than 25 percent since 1940. These corporations might pay more dividends than they do, despite high wages and high taxes, if it were not for the huge amounts they are reinvesting in the development of our national economy—in new plants and equipment. Last year this reinvestment by United States corporations totaled \$28 billion—creating new jobs and more goods for consumption. This should give some inkling to our friends in other countries of the capital that might be available for development of countries that determine to attract substantial amounts of this capital.

One interesting distortion that I believe has grown in the minds of people in Latin America concerning our methods has been caused by enthusiasm for the Tennessee Valley development. This big regional project has encouraged the thought abroad that really big developments in the United States are carried out by Government. This is a big project, but put it in perspective by comparing the \$1 billion capital investment in TVA with some of the figures I have mentioned, such as the \$28 billion reinvested by corporations during 1953. There are some large public power projects in the United States, but 82 percent of the nation's electric energy is still being produced by over a quarter of a million privately owned electric plants.

Another reason that foreigners get the impression that a large part of our economy depends on Government is the size of defense production. They do not realize that the defense budget is only 11 percent of the total output of the Nation and that most of this money is spent for equipment produced by private enterprise.

How can we use this kind of information to change the misconceptions that exist abroad about our economy and about the American private enterprise system? We can try to see that clear information is widely distributed. The U.S. Information Agency attempts to do this, and that organization is doing excellent work with limited funds. But here again we are faced with the striking contrast between the volume of private and official channels of information. The U.S. Information Agency has 100 Americans working

in Latin America. But look at the contrast with activities of private American organizations: The American press services—United Press, Associated Press, and International News Service—have thousands of words appearing daily in Latin American newspapers totaling over 12 million copies. American motion pictures are seen in commercial theaters by over a million Latin Americans every day of the year. American magazines have huge circulations in Latin America: the *Readers Digest* about a million and a half copies a month; and *Life Magazine* over 250,000 copies.

Encouragement of Latin American Visitors

Many Latin Americans gain their own impressions of our economy while visiting the United States, and we should find ways to encourage more visitors. About 200,000 Latin American visitors came to the United States last year, in addition to people who live along the Mexican border. There are also at least 10,000 Latin American students in our colleges, universities, and high schools. And as an indication of further interest in information from our country, thousands of Latin Americans are studying English. Over 70,000 students attend American schools in Latin America, and over 50,000 study English in officially sponsored cultural centers. These are only a part of the total. Likewise, libraries operated by the official Information Agency had a total circulation of about a half million volumes.

Of course, American citizens, in their personal relationships abroad, can attempt to create a better understanding of our economic system—our way of life. The State Department has about 800 Americans in Latin America, and all other agencies of our Government have twice that number. It is, of course, one of their principal duties to promote understanding. But here again, in contrast, the relationships of private citizens are myriad. Over 80,000 United States citizens live in the 20 countries of Latin America. And to touch on a few other examples, there are over 900 Rotary Clubs in Latin America; over 600 Lions Clubs; the Inter-American Bar Associations include all the lawyers of the entire bar associations in 18 of the 20 countries; the Pan American Medical Association brings together hundreds of doctors every year; the Inter-American Press Association is a forum for representatives of the newspapers and radio stations; the General Federation of Women's Clubs has affiliated organizations in 10 Latin American countries; American Chambers of Commerce thrive in 8 of the countries; and Junior Chambers of Commerce in 6 countries. There are many other organizations, such as the YMCA and the YWCA, whose activities contribute to mutual understanding.

I should mention the exchange of information between labor organizations in Latin America and the United States. The American Federation of Labor, the CIO, and the United Mine Workers are

members of the Inter-American Regional Organization of Workers. This organization, known as ORR, includes as members the anti-Communist labor confederations of 17 Latin American countries. The Communists are making great efforts to assume the leadership of Latin American labor. ORR is doing its best to prevent this and to help democratic labor groups to develop.

Despite the value of all these personal relationships, all these channels of information, the most effective way to prove that private enterprise can produce results is to let it show what it can do—to see whether economic health comes when private enterprise is allowed to prosper. There are several countries in Latin America where this is happening, countries which have discovered that the best guaranty they can give to business is a solid record and reputation of fair treatment. And this presents United States and Latin American investors with the challenge to give overwhelming proof that there are mutual benefits—that there are benefits to the people and Government of the host country. When the people find that more goods and better services and higher wages are the result—when the nation finds that undeveloped assets are made to flower—then it does not seem like too much compensation to permit the investor to take a reasonable profit on his investment. Countries that succeed in avoiding drastic changes in laws and regulations, that avoid discrimination, gradually win the confidence of private enterprise. Whenever this happens, I am confident that modern business will respond with concrete examples of economic development that will capture the imagination of other countries. Here again, relations with Canada reveal the range of possibilities. If our investments were as great in Latin America as they are in Canada, on a per capita basis, they would be \$60 billion rather than \$6 billion.

Stimulation of Economic Development

Now, you may ask, what has Government been able to do to stimulate new economic developments? Government has provided very substantial loans and technical assistance. And just last week, the President's message to Congress concerning taxes included recommendations for tax incentives for investors. These included a recommendation that the tax on certain income from corporate investments abroad be reduced by 14 percentage points. This would greatly stimulate economic development.

The Export-Import Bank of our Government has specialized in loans for purchase of equipment such as highway machinery, electric generators, agricultural machinery, and mining machinery. This bank now has outstanding in Latin America about a billion dollars in loans. Its assistance has been invaluable in our economic relations with Latin America. Far from costing the United

States taxpayer anything, except the temporary use of his funds, the Export-Import Bank has made an overall profit of over \$400 million on its loans in all parts of the world during the past 20 years.

The International Bank for Reconstruction and Development, and the International Monetary Fund, affiliated with the United Nations, are very important elements in Latin American economic development. With the guarantee of its 55 member nations, the bank sells its own securities to the public. In turn, the bank loans to member governments for economic development. Nineteen Latin American countries are members, and so far the bank has loaned \$400 million to 10 of those countries. A large part of these loans have been for transportation equipment and electric-power development. Although both this bank and the Export-Import Bank have operated in fields where private banks were reluctant to enter, both banks have practically perfect records of repayment of loans.

Government has been able to stimulate widespread economic development through a wide variety of technical-assistance programs. The Foreign Operations Administration of our Government has 550 technical experts in 19 countries of Latin America in about 50 different missions—health, agricultural, educational, and other technical assistance. The health program in the Amazon Valley of Brazil gives a vivid example of results. The program began 12 years ago. In that time, life expectancy in the region has increased by 10 years on the average, and these 10 years are the most productive adult years. The programs have been so useful that they have been increased, but the expenses are shared with the Latin American Governments. They now pay about twice as much as we do, and in some places much more. In the Amazon Valley, the Brazilian Government pays 27 times as much as we do. While it was at first difficult to attract Brazilian personnel for this program, it is now staffed entirely by Brazilians. These programs also brought some 570 Latin Americans to the United States for technical training last year.

As in many other aspects of our foreign relations, we first learned the value of technical assistance in Latin America. It is of course difficult to trace cause and effect precisely, but technical assistance has certainly been an important factor in raising productivity, and it has great popular appeal. In the postwar period, productivity in Latin America has been increasing at the rate of 5 percent every year, insofar as national product can be measured, while population is increasing at the rate of 2.5 percent.

Our Government also contributes to the very active technical-assistance programs of the Organization of American States and the United Nations. We automatically think of these international organizations as agencies for security

and the pacific settlement of disputes. The regional organization, born 60 years ago, has become a strong and permanent institution. And we are keenly aware of the moral and political influence of Latin America in the United Nations, where 20 countries have one-third of the votes. But we do not hear so much of the widespread activities of these organizations in helping the member countries to develop and strengthen their economic and social life.

For example, the Organization of American States has at Bogotá a center for studying and training in housing development; in Caracas it is just opening a center for training normal-school teachers; and at Montevideo, it has a center for child-welfare studies and training. There are 13 special inter-American agencies now connected with the Organization of American States (and I might mention that a splendid example of economy and efficiency has been given by sifting this number out of 28 that existed a few years ago). In the realm of technical assistance, the Pan American Sanitary Organization is the most widely known for its many contributions to the health of the hemisphere. This agency, now affiliated with the World Health Organization, has likewise made tremendous strides in conquering the scourge of such diseases as malaria, yaws, and tuberculosis. In talking about technical assistance and health, I must likewise mention the great impulse given to health and sanitation in the American Republics by the privately endowed Rockefeller Foundation.

The United Nations has some 370 technical experts in 19 countries of Latin America, in almost every major field of economic activity—from geological surveys to fisheries development—from civil aviation to public finance. Also, under this program, 650 persons last year were given fellowships for technical training. One of the interesting features of United Nations technical assistance is the variety of nationality of the technical experts and the fact that 18 of the 19 Latin American countries that receive assistance also loan the services of experts to other countries. Each country has special industries in which its people excel. An expert from Haiti is, for example, teaching the Abyssinians how to package and merchandise coffee. This expert, incidentally, has found 12 new varieties of coffee to take back to Latin America.

Modest Cost of U. S. Measures

All of these measures of governmental assistance are helping to build economic and social health and to stimulate private enterprise. The cost to the United States taxpayer is modest. The annual expenditures of our Government in all forms of relations with Latin America are less than one-third of the amount of new investment in Latin America each year by our citizens. These

expenditures are about $\frac{1}{100}$ of the value of our trade with Latin America. They are about $\frac{1}{1000}$ of the Federal tax dollar. With this amount, Government is doing work that I believe is not only of great use but even indispensable. But the contrasts I have mentioned point up the extent to which we must depend upon what the private citizen is doing.

There are many important relations with Latin America that I have not even mentioned. I have not mentioned the deep spiritual bond of religion; nor the artistic and cultural exchange from which we have much to gain. I have only barely touched upon mutual concern about the insidious anti-religious efforts of communism. Nor have I discussed cooperation for military defense. But I hope I have succeeded in portraying something of the scope and growth in our relations with Latin America and something of the possibilities for the future.

The challenge and opportunity of progress are significant in themselves. But Secretary Dulles summed up the total objective very simply when he said, "Never in all our history was there a time when good friends and allies meant so much to us. There is need, as never before, of cooperation between free nations."

Use of Agricultural Surpluses in Overseas Programs

*Statement by Samuel C. Waugh
Assistant Secretary for Economic Affairs¹*

I want briefly to state the principles and objectives that should govern our efforts effectively to utilize agricultural surpluses in overseas programs.

Coordination: We are in complete agreement with Senator Case that for the most successful results the Government's activities in the disposal abroad of surplus agricultural commodities must be carried out on a coordinated basis. Uncoordinated and independent activities in this field can easily lead to confusion and inefficiencies. To the greatest extent feasible it would appear that the administration of disposal programs should be centralized. The various executive agencies are giving careful study to this problem in connection with the President's proposal—mentioned in the Budget Message²—to set aside and use \$1 billion worth of Commodity Credit Corporation stocks for disposal in friendly foreign countries during the next 3 years.

Objectives: The objectives of the proposed \$1 billion program are:

¹ Made before the Subcommittee on Real Estate and Military Construction of the Senate Armed Services Committee on Jan. 27 (press release 37).

² BULLETIN of Feb. 1, 1954, p. 147.

(1) to contribute to the reduction of CCC surplus stocks which are becoming costly to hold and the existence of which exerts a depressing influence upon the market;

(2) to dispose of such stocks abroad in the most constructive manner in order to strengthen the economies of friendly foreign countries, to encourage an increase in consumption particularly where consumption standards are low, to encourage trade, to build up defenses, etc.; and

(3) to avoid substitution for or displacement of sales which would otherwise take place.

To the extent that the surplus commodities can be employed to defray expenditures abroad of the U.S. Government, without jeopardy to other objectives, every effort will be made to do so.

Agreements: It will be necessary as a general rule to negotiate with friendly foreign countries agreements concerning the kinds and amounts of commodities which they might undertake to absorb during the period of the program—without substitution for or displacement of sales which would take place in the normal course of trade—and the uses to which the local currency-sales proceeds would be put. The uses of such sales proceeds will no doubt vary from country to country. The proportions which can be used in payment for U.S. Government expenses will also vary depending upon our negotiating position and the balancing of all our objectives. A recipient country will usually be reluctant to accept, in effect, surplus agricultural commodities on any considerable scale in substitution for prospective dollar earnings. We have experienced this problem in connection with negotiations for accelerated use of local currency from surplus property credits.

Moreover, it is difficult to determine whether dollars spent by the U.S. Government in such cases would not in fact have been used subsequently to purchase similar commodities in the U.S. market. If so, the net result is no increase in the export of U.S. commodities.

Under the best of circumstances negotiations require time which will not necessarily coincide with the requirement for expenditures for a specific project or purpose. The Defense Department, for example, could not hold up a contract pending the conclusion of a broad agreement relating to the use of surplus commodities.

Purchases of Surplus Commodities Under Mutual Security Program: As you know, the foreign-aid programs have moved a considerable volume of U.S. agricultural commodities. Under section 550 of the Mutual Security Act³ efforts are being undertaken to use surplus commodities specifically in military aid programs abroad, including off-shore procurement transactions.

Conclusion: With a disposal program of this magnitude it will be necessary to explore all possibilities for the use of surplus commodities without causing adverse effects upon our trade and trade of friendly countries, a principle which Congress stated in section 550 of the Mutual Security Act and which the President reiterated in his recent budget message. Consistent with overall objectives our negotiations will attempt to use to the optimum extent surplus commodities in place of dollar expenditures abroad by the U.S. Government.

³ For text of sec. 550, see BULLETIN of Nov. 9, 1953, p. 639.

The International Tin Agreement of 1953

by Clarence W. Nichols

The text of the International Tin Agreement of 1953 was established by the United Nations Conference on Tin. This agreement is now under review and subject to signature by 23 governments which were represented by delegates in the Second Session of the Conference.¹ Continuing the nego-

¹ Australia, Belgian Congo and Ruanda Urundi, Belgium, Bolivia, Brazil, British Colonial and Dependent Territories, Canada, Denmark, Ecuador, France, Federal Republic of Germany, India, Indonesia, Italy, Japan, Lebanon, Netherlands, Spain, Switzerland, Thailand, Turkey, United Kingdom, United States. The following governments were represented by observers: Hungary, Iran, Norway, Portugal, Sweden, Union of Soviet Socialist Republics, Yugoslavia.

tiations which had been undertaken in 1950, the Second Session was held at Geneva November 16–December 9, 1953. The purpose of the Conference was to discuss measures designed to meet the special difficulties which exist or are expected to arise concerning tin and to conclude an international commodity agreement, should such an agreement be considered desirable.

The proposals for stabilization which were submitted during the 1950 session differed so widely that the Conference concluded there was need for further and separate consideration by governments. The session of October–November 1950 therefore adjourned in Geneva subject to recon-

vening by the Chairman. The Chairman was instructed to take account of further discussions in the International Tin Study Group² and decide at a later date whether conditions existed for resumption of the Conference, following consultation with the governments which are members of its Steering Committee.

The Study Group met at London in March 1953. Member governments reviewed the position and prospects of the world tin situation and emphasized the continuing large excess of production over consumption. Strategic stockpiles were not expected to be able to absorb very much longer this excess supply, which is approximately 30 percent of consumption. The Chairman of the U.N. Conference requested advice regarding further negotiations toward an intergovernmental control arrangement. The Study Group believed additional preparatory work would be advisable and appointed a Working Party to consider proposals regarding international action and provide advice to the Chairman regarding a second session of the U.N. Conference.

The Working Party considered possible forms of an agreement which might be effective and acceptable. A subcommittee prepared a draft agreement to serve as a basis for discussion in a second session if the U.N. Conference should be reconvened. The Working Party requested member governments of the Study Group to consider the problems and the proposals. Each of these governments was asked to communicate directly to the Chairman its views regarding a reconvening of the U.N. Conference.

The views expressed by governments showed that another negotiation was desired by a number of countries and was not opposed by any government. The United States explained that it would attend if another session was desired by a sufficient number of governments to justify the reconvening of the Conference. However, the letter submitted by the United States noted that a negotiation in November 1953 would come at a time when this Government was making a basic review of its economic foreign policy. The United States would, therefore, not be in a position to commit itself to a specific course of action at that time. The other interested governments were placed on notice that the United States would regard a 1953 conference as useful for examining possible lines of action but would expect any suggested programs to be open for consideration over a period of time following the Conference.

On the basis of these expressions by the member governments of the International Tin Study Group and the Steering Committee of the Conference, the Chairman requested a Second Session and the Secretary-General of the United Nations made the necessary arrangements. Invitations

were extended to the governments of all countries which have a substantial interest in the production, consumption, or trade of tin.

The United States was represented in the Second Session by the following delegation:

Chairman

Dudley W. Figgis, President, Institute of Inter-American Affairs, Foreign Operations Administration.

Advisers

Rene Lutz, Deputy Director, International Resources Staff, Bureau of Foreign Commerce, Department of Commerce.

Charles W. Merrill, Assistant Chief, Minerals Division, Bureau of Mines, Department of the Interior.

Stanley D. Metzger, Assistant Legal Adviser for Economic Affairs, Department of State.

Clarence W. Nichols, Chief, Metals and Minerals Staff, Department of State.

Special Difficulties in Tin

Tin has many and varied uses which are important and even essential to the economy and security of industrialized countries. The volume of consumption is weaker, however, on a long-term basis than that of most raw materials because of the increase in conservational practices in the use of tin and a persistent trend toward displacement by the substitution of other materials.

Countries which consume tin are almost entirely dependent upon imports for adequate supplies. The areas in which tin is produced have not undergone extensive economic development or diversification. Practically all of their production of tin is exported, and earnings from these exports are very significant elements in their economies.

Tin mining is the principal source of employment, foreign exchange, and governmental revenues in Bolivia. Although Bolivia is more heavily dependent on this industry than are other producing countries, the production of tin also has considerable importance in Malaya, Indonesia, Belgian Congo, Thailand, and Nigeria. Those areas also have the problem of limited opportunities for a prompt reemployment of resources.

The demand for tin is not appreciably affected in the short run by the level of its price since the cost comprises such a small proportion of the value of finished products. Substantially increasing or decreasing the volume of tin production takes considerable time regardless of the immediate attractiveness or unattractiveness of market prices. These characteristics make for periodical surpluses and shortages and extreme peaks and troughs of prices. Importing and exporting countries have been adversely affected by the extreme fluctuations of price to which tin has been subject in the past. Several efforts were made on an international scale during the twenties and thirties to curb the violence of these price swings and achieve a greater degree of stability in the industry.

The interested governments have recognized for several years a possibility that the termination of

² For an article by Mr. Nichols on the Study Group, see BULLETIN of May 18, 1953, p. 724.

procurement for strategic stockpiles, especially the large-scale stockpiling by the United States, might precipitate a substantial readjustment of the tin situation with extended aftereffects. A period of burdensome stocks and low prices might develop while production was being adjusted downward. The absorption of such stocks into consumption would require a period in which production would be less than consumption. This could lead eventually to a renewal of shortage and high prices during the time required to expand capacity and output again.

Official announcements by the United States during 1952 and early 1953 indicated that its strategic stockpiling program was approaching completion. The United States further announced in November 1953 that the continued receipt of tin under outstanding contracts would lead to holdings by this Government approximately 40,000 tons in excess of stockpile requirements by March 1954. No decision has been made concerning the ultimate disposition of this surplus, but the question is under review in the hope of avoiding undue effects on normal markets.

The market price for tin was about 75 cents per pound before the invasion of South Korea in 1950. The price subsequently rose to \$2 per pound early in 1951; stabilized during 1952 at about the \$1.20 level specified in large purchase contracts which the U.S. Government made in the early part of that year; and declined during 1953 to levels around 80 cents per pound.

The International Agreement

The United Nations Conference on Tin tried to make the agreement conform fully with the resolutions of the U.N. Economic and Social Council recommending that chapter VI of the Habana Charter be taken as a general guide for appropriate international commodity arrangements.

The proposed agreement contemplates a cooperative effort by the governments of producing countries and consuming countries to achieve a greater degree of stability in the international tin situation. The stated objectives are to prevent or alleviate unemployment or other serious difficulties likely to result from maladjustments between supply and demand; to prevent excessive price fluctuations and achieve a reasonable degree of stability of price on a basis which will secure long-term equilibrium between supply and demand; to insure adequate supplies at reasonable prices at all times; and to provide a framework for the consideration and development of measures to promote the progressively more economic production of tin while protecting tin deposits from unnecessary waste or premature abandonment.

The Council

An International Tin Council, having its seat at London, would be established to administer the

provisions of the agreement. Each contracting government would be represented in the Council, participating either as a producing country or as a consuming country, according to the declaration made in its instrument of ratification, acceptance, or accession. The government of a consuming country which is responsible for the international relations of a dependent territory mainly interested in the production of tin could declare the separate participation of such territory on that basis. The provisions of the agreement would accordingly apply to that government separately in respect of its metropolitan territory and the dependent territory.

The Council would select an independent non-voting chairman who had not been actively engaged in the tin industry during the 10 years preceding his appointment. The agreement also provides for the appointment of a secretary, a manager of the buffer stock, and such additional staff as the Council considered necessary. All of these appointments would be subject to the condition that the individual employees should not hold—or should cease to hold—any financial interest in the tin industry or the tin trade. The agreement also provides that they should not seek or receive instructions regarding their functions from any person or authority except the Council or a person acting on its behalf in accordance with the terms of the agreement.

There would be 2,000 votes in the Council. Delegates of producing countries would hold 1,000 votes and delegates of consuming countries 1,000 votes. Each delegate would hold five initial votes and additional votes as provided in the agreement. The additional votes of producing countries would be distributed among them as nearly as possible in proportion to the percentages of their countries as listed in annex A to the agreement or as published from time to time in accordance with the provisions of the agreement. The additional votes of the consuming countries would be distributed among them as nearly as possible in proportion to the tonnages of their countries as listed in annex B to the agreement or as revised subsequently in accordance with the provisions of the agreement.

The agreement provides, however, that the initial votes of each consuming country shall be reduced equally if more than 30 consuming countries participate so that the total of initial votes for all consuming countries will not exceed 150. Provision is also made that the Council shall determine for any consuming country which later accedes to the agreement a tonnage which will take effect as if it were listed in annex B.

As soon as possible after April 1, 1955, and annually thereafter, the Council would review the figures of net imports and consumption of tin for each consuming country during the 3 preceding calendar years. Revised tonnages for each consuming country would be published on the basis

of the mean of such net imports and consumption with those tonnages then taking effect as if they were listed in annex B. No delegate could hold more than a total of 490 votes. There would be no fractional votes.

PRODUCING COUNTRIES' VOTES

(Annex A to Agreement)

(1)	Percentage (2)	Number of votes		
		Initial vote (3)	Additional vote (4)	Total (5)
Belgian Congo and Ru- anda Urundi	8.72	5	85	90
Bolivia	21.50	5	208	213
Malaya	36.61	5	355	360
Nigeria	5.38	5	53	58
Indonesia	21.50	5	208	213
Thailand	6.29	5	61	66
Total	100	30	970	1,000

CONSUMING COUNTRIES' VOTES

(Annex B to Agreement)

(1)	Tons (2)	Number of votes		
		Initial vote (3)	Additional vote (4)	Total (a) (5)
Australia	1,580	5	11	16
Brazil	1,800	5	12	17
Belgium	1,260	5	8	14
Canada	4,720	5	32	37
Denmark	780	5	5	10
Ecuador	3	5	0	5
France	7,230	5	48	55
Federal Republic of Ger- many	7,280	5	49	55
India	3,430	5	23	29
Italy	3,380	5	23	28
Japan	3,050	5	20	26
Lebanon	50	5	0	5
Netherlands	4,570	5	31	36
Switzerland	870	5	6	11
Spain	680	5	4	10
Turkey	830	5	6	11
United Kingdom	20,360	5	136	145
United States of America .	74,310	5	496	490
Total	136,183	90	910	1,000

(a) As adjusted by the application of the 490 maximum.

The agreement specifies that certain decisions of the Council concerning important matters which might involve a difference of interest between producing countries and consuming countries would require concurrent majorities of the producer votes and the consumer votes, counted separately.

Other decisions of the Council would be taken by a simple majority of votes cast.

The Council would meet at least four times a year. Meetings would be convened at the request of any delegate or in the discretion of the chairman, as well as in accordance with the requirements of the agreement. A statement showing the tonnage of tin held by the buffer stock at the end of each calendar quarter would be published by the Council not earlier than 3 months after the end of the quarter. The Council would also publish a report of its activities in each financial year not earlier than 3 months after the end of that year.

With the consent of the Council and upon conditions to be determined by it, any government could accede to the agreement after the first meeting of the Council whether or not that government was represented by a delegate at the 1953 session of the U. N. Conference. The agreement requires that the conditions laid down by the Council shall be equitable in respect of voting rights and financial obligations as between the countries seeking to accede and other countries already participating.

Price Limits for Stabilization

The stabilization operations of the International Tin Council would try to contain the fluctuations of market prices for tin within prescribed limits. As a basis for initial operations, the agreement provides a lower limit of £640 per long ton and an upper limit of £880. These prices are equivalent in U.S. currency to 80 cents and \$1.10 per pound of tin metal.

The agreement directs the Council to consider periodically whether these prices are appropriate for the attainment of the objectives, taking into account the current trends of production and consumption, the existing capacity for production, the adequacy of the current price to maintain sufficient future productive capacity, and any other relevant factors. The Council is authorized to revise either or both of the price limits provided such revision is supported by a majority of the votes cast by producing countries and a majority of the votes cast by consuming countries.

Establishment of the Buffer Stock

Under the proposed agreement, producing countries would be obligated to provide a buffer stock with capital equivalent in the aggregate to 25,000 long tons of tin metal. This capital would be placed at the disposal of the buffer stock manager in the form of tin metal, tin warrants, or cash. At least 25 percent of this mandatory contribution would be made in cash. This cash would be deemed equivalent to the quantity of metal which it would purchase at the current floor price.

The initial contributions by producing countries would be equivalent in the aggregate to 15,000

tons of metal and would be due on such date as the Council might decide. Producing countries would be liable for two subsequent contributions, each equivalent in the aggregate to 5,000 tons of metal. Unless the Council decided otherwise by concurrent majorities, counted separately, the first of these would be due as soon as the buffer stock held 10,000 tons of metal and the second as soon as the buffer stock held 15,000 tons. The contribution by each producing country would be proportional to its percentage as shown in annex A.

If any producing country failed to fulfill its obligation to provide capital to the buffer stock, the Council would be authorized to deprive that country of rights and privileges under the agreement and to require the other producing countries to make good the deficit. Upon remedy of such default, the Council could restore the rights and privileges and return the additional contributions made by other producing countries.

Any participating country would be entitled to make voluntary contributions of cash or tin metal to the buffer stock. The Council could reduce the obligatory contributions by amounts not exceeding the aggregate of any voluntary contributions provided this action was favored by concurrent majorities, counted separately; was desired by the producing country or countries whose obligatory contributions would be reduced; and would not involve the repayment of any contributions already made.

Operation of the Buffer Stock

If the price of cash tin on the London Metal Exchange becomes as high as the ceiling price, the agreement requires the manager of the buffer stock to offer all of the tin at his disposal for sale on the Exchange at that price. As long as the buffer stock has tin, the manager is also required in these circumstances to accept bids at the ceiling price, adjusted for location and such other factors as may be determined by the chairman, provided these bids are received from consumers in participating countries or agents acting directly on their behalf. The agreement further provides that the minimum tonnage of all such transactions shall be 5 tons; larger tonnages shall be in multiples of 5 tons, and the manager, in accepting such direct bids, shall have regard to the fair and equitable disposal of the tin in the buffer stock.

If the price of cash tin on the London Metal Exchange becomes as low as the floor price, the manager must offer to buy cash tin on the Exchange at that price if he has funds at his disposal.

In the upper third or lower third, respectively, of the stabilization range the manager would have discretion to offer tin or buy cash tin on the Exchange at the market price if he considered such operations necessary to prevent the market from rising or falling too steeply. The manager would not be allowed to buy or sell if the price of cash

tin on the Exchange were in the middle third of the stabilization range unless the Council decided otherwise by a majority of the producer votes and a majority of the consumer votes.

The agreement authorizes the manager, within the framework of the general instructions he may have received, to buy or sell 3 months' tin on the London Metal Exchange and to buy or sell, cash or forward, on any other established market for tin at any time when he may buy or sell cash tin on the London Metal Exchange.

If the funds at the disposal of the manager were inadequate to meet the expenses of his operations, the Council could authorize him to sell sufficient tin at the market price to meet his current operational expenditures, notwithstanding other provisions of the agreement.

Revaluation of Currencies

The agreement provides for the Council to meet immediately if a review of the price limits is made necessary by movements in the relative value of currencies. Pending such a meeting, the chairman would suspend provisionally the operations of the buffer stock if this was necessary to prevent buying or selling to an extent likely to prejudice the purposes of the agreement.

The Council is authorized to suspend, or confirm the suspension of, buffer stock operations if two-thirds of the votes cast by producing countries or two-thirds of the votes cast by consuming countries are in favor of such a course. Buffer stock operations, if provisionally suspended, would be resumed in the absence of such a majority. A suspension of buffer stock operations would not prevent the Council from continuing to exercise its authority for the control of exports as provided elsewhere in the agreement. Within 30 days after a decision to suspend, or confirm the suspension of, buffer stock operations, the Council would consider provisional floor and ceiling prices. The Council is authorized to determine provisional price limits by concurrent majorities of producer votes and consumer votes, counted separately.

Provisional prices would be reviewed within 90 days by the Council, which could determine new price limits by concurrent majorities, counted separately. If at one meeting the Council was unable to determine provisional floor and ceiling prices, it could nevertheless determine new price limits at any subsequent meeting, with the same majorities being required. Buffer stock operations, if suspended, would be resumed on the basis of floor and ceiling prices whenever these were determined by the Council, provisionally or otherwise.

Liquidation of the Buffer Stock

The Council is directed to pay due regard to the need for reducing the quantity of tin metal held in the buffer stock during the period of 2 years ending

with the date of termination of the agreement. If this consideration should lead the Council to set a figure for exports lower than that which would otherwise have been established, the manager of the buffer stock is authorized to sell at any price not less than the floor price the quantities of tin metal by which the Council has reduced the permissible rate of exports.

On the termination of the agreement, the manager would close the buffer stock account and make no further purchases of tin metal. The agreement specifies the steps by which the buffer stock would then be liquidated. However, the Council is authorized to substitute other arrangements if these are favored by a majority of the producer votes and a majority of the consumer votes.

The manager would first set aside a sum sufficient to meet the estimated expenses of liquidation or would sell a sufficient quantity of tin metal to provide the additional sum required if the balance remaining in the buffer stock account were inadequate to meet those estimated expenses. The manager would then divide the cash and tin metal at his disposal between contributing countries in proportion to the contributions they had made to the buffer stock. If any contributing countries had forfeited rights to participate in liquidation, these countries would be excluded from the division to that extent and the residue would be divided proportionately between the other contributing countries.

Thereafter the manager would repay to each contributing country the cash standing to its credit. He would transfer to each contributing country the tin metal standing to the credit of that country. These transfers of metal would be made in 12 monthly installments which would be as nearly equal as possible. Alternatively, at the option of any contributing country, the manager would sell any such installment and pay to the country the net proceeds of such sale. When the manager had disposed of all of the tin metal in this manner, he would distribute between the contributing countries any balance remaining of the sum which had been set aside to cover the estimated expenses of liquidation.

Finance

The expenses of delegations to the Council or its committees would be met by their respective governments. Two separate accounts would be kept of the contributions and expenses necessary for the administration and operation of the agreement. One of these, the administrative account, would bear the administrative and office expenses of the Council, including the remuneration of the chairman, secretary, manager, and subordinate staffs. The other, called the buffer stock account, would receive the buffer stock contributions from participating countries and would bear all expenditures incurred in the course of or attributable to

buffer stock transactions or operations, including all expenses of storage, commissions, insurance, and telephone and telegraph facilities.

The Council would estimate in each fiscal year the prospective requirements of the administrative account. Each participating government would be assessed in sterling for its portion of those expenses. Governments would be liable for the prompt payment of 1/2000th of the administrative budget in respect of each vote held in the Council on the day of the assessment. However, the agreement provides that no participating government shall contribute less than the equivalent of £100 annually.

Payments into the administrative account would be made in sterling from the type of sterling account appropriate to the particular country, but any country could choose to make its payment in U.S. dollars which the Council would convert into sterling on the official London Foreign Exchange market. If the Council subsequently became obligated to repay a participating government which had elected to make its contribution in U.S. dollars, that country could require the payment to be applied on its behalf in the purchase of U.S. dollars in the same proportion to the total disbursement that the sterling bought with U.S. dollars had borne to the total contribution previously made by the country. The agreement provides that the United Kingdom Government would permit payments on this basis to be converted as required.

The Council could deprive any country of its right to vote if the country failed to pay its contribution to the administrative account within 6 months after notice of assessment. If a country had not paid within 12 months after assessment, the Council could deprive it of any other rights under the agreement, including such proportion of rights to participate in the liquidation of the buffer stock as would be equivalent to the unpaid contribution toward administrative expenses. On payment of the outstanding contribution, the council would restore any rights of which a country had been deprived in this connection.

If it appeared at any time that a shortage of tin had developed or was expected, the Council could assemble authoritative estimates of supplies and requirements and take into account the probable increase or decrease in stocks of tin. The Council could consider the likelihood of a serious shortage and submit recommendations to the participating countries with a view to insuring the maximum development of production and the equitable distribution of available supplies of tin metal at a price which would not be higher than the ceiling price. It would be understood that the Council would have authority to revise this price by a majority of the votes cast by the producing countries and a majority of the votes cast by the consuming countries. For this purpose the Council is authorized to communicate to governments

the necessary data for the allocation of the quantities in question.

Export Control

The quantities of tin which might be exported from the producing countries would be determined by the Council from time to time. The Council would have the duty of adjusting supply to demand so as to maintain the price of tin metal within the stabilization range. It would try also to maintain tin and cash in the buffer stock adequate to rectify any discrepancies between supply and demand which might arise through unforeseen circumstances.

The Council would estimate, not less than once every 3 months, the probable demand for tin during a following period of 3 calendar months and the probable increase or decrease of commercial stocks during that period. In the light of these estimates, the quantity of tin in the buffer stock, the current price, and any other relevant factors, the Council would be authorized to fix a total permissible export amount for the control period of 3 calendar months, by a majority of the votes cast by consuming countries and a majority of the votes cast by producing countries. No such limitation of exports could become effective unless the buffer stock held at least 10,000 tons of tin metal or the Council found by concurrent majorities, counted separately, that 10,000 tons was likely to be held before the end of the control period.

A total permissible export amount for any control period would be divided among the producing countries in proportion to their percentages specified in annex A or the revisions of those percentages which might be made in accordance with the agreement. The Council would determine by concurrent majorities, counted separately, the percentage for any country which acceded to the agreement as a producing country.

The percentage of each producing country would be reduced by $\frac{1}{20}$ th at the end of each year. The agreement authorizes the Council to reallocate this proportion among the producing countries to afford increasing opportunities for satisfying national consumption and world market requirements in the most effective and economic manner. The Council would, of course, give due regard to the need for preventing serious economic and social dislocation and to the position of producing areas suffering from abnormal disabilities. If a reallocation failed to obtain the necessary majority of the votes cast by consuming countries and majority of the votes cast by producing countries, each producing country would have the same percentage as it had before the $\frac{1}{20}$ th reduction.

Each producing country would be obligated to take such measures as were necessary to make its exports correspond as closely as possible to its permissible export amount for any control period.

If the net exports of tin from a producing coun-

try were less than 95 percent of the aggregate of its permissible export amounts for four successive control periods in which permissible export amounts had been fixed, the Council would reduce the percentage of that country proportionately unless satisfied that the shortfall was due to factors beyond the control of the country and that such shortage was unlikely to recur.

If the net exports from any producing country exceeded its permissible amount by more than 5 percent in any control period, the Council might require the country to make an additional contribution to the buffer stock equivalent to the amount of the excess. The Council would decide whether the contribution should be made in tin metal or in cash, with cash being deemed equivalent to the quantity of metal it would purchase at the current floor price.

If the aggregate net exports from a producing country exceeded the aggregate of its permissible amounts in any four successive control periods in which permissible export amounts had been fixed, the percentage of the country would be reduced for 1 year by a fraction proportional to the excess or, if the Council so decided by concurrent majorities, counted separately, by any greater fraction not exceeding twice that of the excess. If the aggregate net exports from the country exceeded the aggregate of its permissible amounts in four further successive periods for which permissible export amounts had been fixed, the Council could also declare that the country should forfeit a portion of its rights to participate in the liquidation of the buffer stock. This forfeiture would not exceed one-half of such rights on the first occasion. The Council could at any time restore these rights to the country on terms and conditions as determined.

The agreement provides that stocks of tin within a producing country shall not, with some specified exceptions, exceed 25 percent of the net exports of the country during the 12 months preceding the date on which the control of exports comes into effect.

Amendments and Suspension

The article on amendments and suspension provides that amendments of the agreement could be recommended to contracting governments by the Council if supported by two-thirds of the producer votes and two-thirds of the consumer votes. The Council would fix the period of time within which each contracting government should give notice regarding its acceptance of an amendment. An amendment would take effect immediately if accepted by all participating countries within that time; if it was accepted by governments holding all of the producer votes and by those holding two-thirds of the consumer votes, it would become effective for those countries 3 months after notification

of the last of the acceptances required for effectiveness.

The Council would then determine whether the amendment was of such a nature that nonaccepting consuming countries should be suspended from the agreement when the amendment became effective. In the event of such a determination, a consuming country would automatically be suspended if it informed the Council that the amendment was still unacceptable. However, if the consuming country satisfied the Council that its acceptance could not be secured by the effective date of the amendment because of constitutional difficulties, the Council could postpone suspension until such difficulties were overcome and the country notified the Council of its decision. A country which had been suspended could be reinstated by the Council on equitable terms and conditions.

A consuming country which considered that its interests would be adversely affected by an amendment could withdraw from the agreement on the date the amendment took effect or suspension was determined.

The article on amendments and suspension could itself be amended, however, only if the amendment were accepted by or on behalf of all participating countries.

Any participating government could withdraw from the agreement provided at least 12 months' notice was given not earlier than 2 years after the agreement came into force. In the absence of such notice, or except in the particular circumstances for which special provisions are made in the articles concerning national security or amendments, a government which withdrew from the agreement during its currency would not be entitled to any share of the proceeds from liquidation of the buffer stock or any share of the other assets of the Council on the termination of the agreement. However, a consuming country which was suspended in connection with nonacceptance of an amendment would not lose any entitlement to share in the assets of the Council on the termination of the agreement.

Obligations of Participating Governments

Participating governments would obligate themselves to cooperate in promoting the attainment of the objectives of the agreement and, in particular, these governments:

(a) would not, so long as sufficient quantities of tin were available to meet their full requirements, prohibit or limit the use of tin for specified purposes except in circumstances in which such prohibition or limitation would be permitted by the General Agreement on Tariffs and Trade or by the articles of agreement of the International Monetary Fund;

(b) would create conditions promoting the transfer of tin production from less efficient to more efficient enterprises and would encourage

conservation of natural resources of tin by preventing the premature abandonment of deposits;

(c) would not dispose of noncommercial stocks of tin except upon 6 months' public notice, stating reasons for disposal, the quantity to be released, the plan of disposal, and the date of the availability of the tin. Such disposal should protect producers and consumers against avoidable disruption of their usual markets. A participating government wishing to dispose of such stocks would consult, at the request of the Council or of any other participating government, as to the best means of avoiding substantial injury to the economic interests of producing and consuming countries and would give due consideration to any recommendations of the Council;

(d) would seek to insure fair labor standards in the tin industry in order to avoid the depression of living standards and the introduction of unfair competitive conditions in world trade.

The agreement provides that nothing in it shall be construed to:

(a) require a government to furnish information the disclosure of which it might consider contrary to its essential security interests;

(b) prevent a government from taking any action it might consider necessary to protect its essential security interests where such action was taken in time of war or other emergency or related to traffic in implements of war or other traffic supplying a military establishment;

(c) interfere with any intergovernmental agreement made by or for a military establishment for the purpose of meeting essential requirements of national security, or other agreement on behalf of a government for this purpose; or

(d) prevent a government from taking any action in pursuance of its obligations under the Charter of the United Nations.

Complaints

Any participating country could complain to the Council if it considered its economic interests under the agreement seriously injured by the action of another participating government, unless such action were taken in time of war under the national-security exceptions just mentioned. The Council would review the facts and decide by concurrent majorities, counted separately, whether the complaint was justified. The complaining government could withdraw from the agreement if the Council found justification for the complaint.

Complaints that any participating country had committed a breach of the agreement could be referred to the Council for decision, as could disputes concerning the agreement. A majority of the participating countries, or countries holding not less than one-third of the votes, could require the Council, after full discussion, to seek the opin-

ion of an advisory panel on the issues in dispute before a decision. Unless the Council agreed otherwise by a unanimous decision of votes cast, the panel would consist of two persons nominated by the producing countries, one having wide experience in matters of the kind in dispute and the other having legal standing and experience; two such persons nominated by the consuming countries; and a chairman selected unanimously by those four persons or, if they failed to agree, by the chairman of the Council. The persons appointed to the panel could be nationals of participating countries, but they would act in personal capacities and without instructions from any government. The panel would submit its opinion and reasons to the Council. After considering all of the relevant information, the Council would decide the dispute.

No country could be found to have committed a breach of the agreement except by a majority of the producer votes and a majority of the consumer votes. In the event that a breach were found, the Council could, by the same requisite majority, deprive the country of its voting rights or any other rights specified in the agreement in relation to the subject matter of the dispute or complaint, until the country fulfilled its obligations.

The agreement will be open for signature at London from March 1, 1954, until June 30, 1954, by the governments which were represented by delegates at the 1953 session of the United Nations Tin Conference. Signatory governments may ratify or accept the agreement in accordance with their respective constitutional procedures. The Government of the United Kingdom will be the depository for instruments of ratification or acceptance.

The agreement is to enter into force for governments which shall then have ratified or accepted it on a date to be fixed by accepting governments, which must include at least nine consuming countries holding together at least 333 votes as set out in annex B and producing countries holding together at least 900 of the votes set out in annex A. After the date of entry into force as thereby determined, the agreement would enter into force for each additional signatory government on the date of the deposit by that government of its instrument of ratification or acceptance.

Unless terminated earlier by two-thirds of the producer votes and two-thirds of the consumer votes, the agreement would have a duration of 5 years. Not later than 4 years after the entry into force of the agreement, the Council would recommend to contracting governments whether the agreement should be renewed and if so in what form.

Resolutions of the Conference

The Conference adopted a resolution requesting the Government of the United Kingdom to

arrange for the agreement to be open for signature. Another resolution was adopted to facilitate the establishment of the proposed International Tin Council and contribute to its orderly work.

This second resolution established an Interim Committee composed of the members of the Steering Committee of the Conference³ and invited the United Kingdom Government, in consultation with the Secretary-General of the United Nations, to convene the first meeting of the Committee at London during the second quarter of 1954. The terms of reference of the Interim Committee are to consider and prepare provisional rules of procedure for the Council and consider any matter which the Committee believes may help the Council at its first session.

• *Mr. Nichols, author of the above article, is chief of the Metals and Minerals Staff in the Office of International Materials Policy. He is also the U.S. representative in the Management Committee of the International Tin Study Group and has been a member of the U.S. delegations to both sessions of the United Nations Conference on Tin.*

Turkey's Contributions to the Peace Front

ADDRESS BY CELAL BAYAR PRESIDENT OF TURKEY⁴

I am highly honored to address the Congress of the United States while in your country as the guest of the great soldier and statesman, President Eisenhower. His sincere and untiring efforts are now dedicated to the preservation of world peace to the extent they were dedicated to the victory in World War II in days gone by.

The hospitality extended to me since my arrival in New York has impressed me profoundly.

In expressing the pleasure I feel from this manifestation of friendship, my first words as President of the Republic of Turkey are that the people of Turkey are filled with gratitude for the generosity shown us by your country. I assure you and the people of the United States that the memory of your noble deeds will live forever in the heart of every Turk. The extension of military and economic aid to the peace-loving coun-

³ The presiding officer of the Steering Committee is the Chairman of the Conference, Georges Péter of France. The members of the Committee are the governments of four major producing countries (Belgian Congo and Ruanda Urundi, Bolivia, British Colonial and Dependent Territories, and Indonesia) and four major consuming countries (Canada, India, United Kingdom, and United States).

⁴ Delivered before a joint session of Congress on Jan. 29 (*Cong. Rec.*, Jan. 29, p. 997).

tries of the world by the United States Government has no parallel in the history of the world, either in essence or in quantity. I am convinced the significance of your action will be recorded in history as the most important event of the post World War II period.

The benefits and the material importance of the program are many but I believe the most striking and admirable feature of it is the new world concept of international morality.

My country has utilized this assistance to the utmost by combining it with the means at its disposal. Your aid has been used entirely in the effort to resist the destructive forces which threaten our civilization. I can assert without equivocation that Turkey has been at least one of the recipients who put your aid to the best possible use.

In these days of turbulence and danger, Turkey occupies an extensive area on the ramparts of the peace front. From every point of view it presents a position of vital importance to our common cause.

The Republic of Turkey possesses all the requisites of a strong and stable structure from a political and social point of view. It has also achieved a record for speedy economic development.

We possess a military establishment whose importance cannot be denied. Our moral strength as a nation is inflexible.

With these attributes and qualifications, Turkey is developing day to day as an even more important military and economic force for our common peace front. It is our constant duty to increase our material and moral efforts to enable our military program to match our swift economic development.

American military aid has made it possible to equip our forces with modern weapons and to train the troops in their use. Your economic aid has constituted a valuable factor in supporting our efforts to strengthen our economic structure so that we may maintain a strong army.

The Need for Strength and Unity

The tremendous technical progress of this century has had the effect of shortening distances, which makes the world seem smaller. Today, distant and separate parts of the world have been brought together. The political concept of separation of continents has become obsolete. Accordingly, a danger which confronts one country, no matter where located, is a danger which confronts our whole world.

That being the case, the slightest hesitation to act or the slightest weakness of will power can bring catastrophe to the peace-loving community. For this reason, it is imperative that all nations dedicated to peace be morally and materially strong and united.

It is because my country, in whose behalf I have

the honor to speak here today, knows these facts very well that she is so fervently attached to the principle of collective security upon which the free world has so completely put its faith.

When an unjust aggression, kindled by the false belief that the United Nations would neither act nor intervene, occurred in Korea, Turkey did not hesitate for a single moment to join those countries which showed the fortitude to send their sons to faraway battlefields.

The devotion of my country to the ideals of mankind and to peace are not confined to the pursuit of a steadfast and resolute policy within the United Nations and the North Atlantic Treaty Organization, excellent as those bodies are as a means of maintaining peace.

It would be equally appropriate to stress in this connection that in accordance with principles set forth in the charter of the United Nations, Turkey has sought to fill in the gaps existing in the peace front. The Tripartite Balkan Pact which was signed last year between Greece, Turkey, and Yugoslavia is clear evidence of how strong barriers can be set up by realistic and resolute states united in a sincere desire for peace. This pact has simultaneously set a new and fine example in the application of the rights and principles of self-defense for the preservation of peace as recognized by the charter of the United Nations and contributed to its consolidation.

Relations With Greece and Yugoslavia

I would like in this connection to refer to Greek-Turkish relations. The friendship established between Greece and Turkey is the best example of how two countries who mistakenly mistrusted each other for centuries have agreed upon a close and loyal collaboration as a result of recognition of the realities of life.

My country is truly proud of its ties, within the framework of the Tripartite Balkan Pact, with Yugoslavia, who valiantly safeguarded her honor and independence after a bitter and dangerous ordeal, and with Greece with whom our friendly relations have become fraternal.

As you can see, Turkey is doing her utmost within the peace front to fulfill the duties incumbent upon her. The Turkish Nation, faced with a danger common to us all, remains upright, steadfastly holding to her material and moral forces at one of the most critical spots in the world.

I would like to express to you the hope that the sacrifices incurred for the sake of common ideals may be rewarded by the long-expected peace in the Far East. However, should peace be signed, the United Nations resolution about Korea should remain in full force. The security of the future depends on this fact. Korea is an example. This example may be repeated anywhere in the world. New fires may break out. The duty of the free and peace-loving nations is

to try untiringly and relentlessly to turn the period of relative peace in which we live today into a stable and real peace. The attainment of that aim calls for a great degree of patience as well as physical and moral strength.

In the face of all these dangers, I am convinced that the United Nations and the North Atlantic Treaty Organization are the strongest and most effective organizations possible to provide the free and independence-loving nations with the greatest opportunities for self-defense and the preservation of peace.

It is for this reason that Turkey is fighting to the best of her ability against the subversive efforts which try to paralyze the one and destroy the other of these two organizations. According to our way of thinking, unless the efforts we dedicate towards peace are sincerely reciprocated by deeds, our desire for peace will only be a mirage.

It is obvious that no one can doubt the good intentions of the community of free nations. However, should the policy followed be marked by uncertainty and indecision regardless of our good faith, then such a course would not only be fruitless but also dangerous.

I am aware that I am speaking before the representatives of a nation which has set an example to all by the course it has taken and which it will follow in the preservation of indivisible world peace in the face of aggressions against the independence of nations.

My purpose is merely to emphasize in your presence here that with a sincere belief in the righteousness of our common cause, Turkey thinks along exactly the same lines as do you.

TURKISH PRESIDENT AWARDED LEGION OF MERIT

Following are texts of statements made at the state dinner at the White House in honor of President and Madame Bayar on January 27:

Toast by President Eisenhower

YOUR EXCELLENCY, MADAME BAYAR, DISTINGUISHED GUESTS OF TWO COUNTRIES: Tonight, this company—this Capital—this country—is honored by the presence at this board of the Head of the Turkish Republic. We gladly seize the opportunity afforded us by his presence, to salute a nation which is one of the most gallant and staunchest defenders of freedom in the modern world.

The evolution of Turkey, taking place within the span of a single generation, is one of the marvels of our time. Fifty years ago—and there are a number of us here who can remember that long—the events, the names, and the faces of Turkey were little-known to us. Our understanding of the country and its people was very meager indeed.

And then the change. Today we recognize it as a modern, progressive country, one that we are proud to call ally in the great problems that face the free world today. This great change was brought about by a dream of a group of men, a group of men headed by Mustafa Kemal Ataturk. He had a dream that with a band of devoted associates they translated into reality—by service, unselfish and dedicated service to their country. Forgetting themselves, they gave their lives and their talents to the nation to which they belonged.

And since 1923 we see the transformation that has taken place. Now the great Ataturk is dead, but his work lives on, and our guest of honor this evening is one of the original band that worked with him to bring about this great change, and to make Turkey the nation she is today: great, and growing greater every day.

Our guest of honor, since that day in 1923, has been almost continuously in the Assembly of his country. He has held almost every position in his government, including that of Prime Minister, and now is honored by holding the highest position in the land.

In a feeble effort to show some of the appreciation of this Government and its people, for Turkey as a nation and its people, our Government has awarded to our guest of honor the Legion of Merit in the grade of Chief Commander, the highest honor that this Government can give to anyone in time of peace not a citizen of this country. And with your permission, I shall read the Citation:

“The President of the United States of America, authorized by Act of Congress July 20, 1942, has awarded the Legion of Merit, Degree of Chief Commander, to Celal Bayar, President of the Turkish Republic, for exceptionally meritorious conduct in the performance of outstanding services:

“The Turkish people have shown their confidence in Celal Bayar by entrusting him with high offices throughout his long public career, but especially when he was honored by being placed in the highest and most responsible position in Turkish public life—that of the Presidency of the Republic. In this high office, he has contributed greatly to the enrichment of that goodwill which characterizes the relationship between Turkey and the United States. Under his firm leadership, Turkey has continued to actively support those ideals which are cherished by free peoples everywhere, thus contributing effectively to the hopes for freedom and peace throughout the world.”

Now, my friends, as we lift our glasses to our guest of honor, let us remember that through him we do so, also, to the great nation of Turkey and its people—a people whose future we shall watch with interest, and wish for them everything that is good in a free world.

Ladies and gentlemen, President Bayar of Turkey.

Response by President Bayar

[Translation]

Mr. President, I am deeply moved by the warm reception and the manifestations of genuine friendship which I have experienced since I set foot on American soil.

I am particularly happy, as your guest this evening, to enjoy your solicitous hospitality in this legendary residence.

The emotion that I felt on listening to your kind words about my country was not only stirred by the sincere feelings which you so well expressed, but it was also due to the fact that I realized how well this country understood the revolution which has taken place in my country since the day that, under the leadership of one of her sons devoted to the cause of civilization and humanity, she changed her destiny until the day she won her place in the community of free countries and assumed her duties in the service of humanity.

There is no doubt that the words that you, a great general and outstanding statesman, have spoken as the highest authority of the great American nation, will be a source of endless joy to all my countrymen.

I also wish to thank you for your kind and gratifying words about myself. As you have said, I do in fact cherish the moral satisfaction of having worked together, from the first day to the last, with Kemal Ataturk, the savior of my country, the founder of modern Turkey, and the architect of the Turkish Revolution.

But the group who rallied under Ataturk and who were then called "the national force," are a symbol of the Turkish nation who pinned their destiny on him in the cause of a free and independent Turkish land, and for the ideal of a free and independent world according to the highest human concepts.

Today, these goals of the Turkish nation have been attained. Turkey shares the responsibility of a common fate with those nations of the free world who are making sacrifices for their liberty and independence. The happiest manifestation of that is in the firm ties which bind our two countries to each other.

I am very proud to hear that your Government has decided to confer upon me the Legion of Merit, which is the highest award given in time of peace to a foreign citizen, in recognition of his services.

I accept this great honor, fully conscious of its worth, as a valuable token of the friendship of the American people towards my nation, which at the moment I represent on friendly American soil.

Turkey considers it a human and national duty to cooperate with the peoples who are striving for the realization of the ideals of a free world and genuine peace. No matter how strenuous and dark may be the road that leads to that objective,

she is determined to walk hand in hand with her allies. For the Turkish nation, liberty is the mainstay of life. And I am convinced that the souls of the Turkish and American nations find communion on that motto above everything else.

When, therefore, our sons shake each other's hand on the road on which our countries are determined to walk arm in arm, they feel the mutual determination and confidence of two great spirits.

I raise my glass to your health, and to the health of Mrs. Eisenhower. I drink to the happiness and prosperity of our great ally, the United States.

Improvements in Austrian Economy

Austria's economic recovery since World War II has progressed so well, because of the effective combination of the productive energies of her own people and U.S. economic assistance, that no direct aid from the United States is required during the current fiscal year, the Foreign Operations Administration announced on January 4. This development is yet another indication of the growing economic strength in Western Europe.

The achievements of the Austrian Government, together with those of the other free nations of the world, made 1953 the best year economically since the end of World War II. As a result, there will be less need for U.S. economic aid in most Western European countries during the forthcoming year. This very satisfactory situation testifies dramatically to the achievements of free nations of the world working cooperatively to each other's mutual benefit.

The improvements in the Austrian economy are the best testimony to the success of the cooperative Austrian and U.S. programs for the recovery of that nation. For instance, Austrian gold and dollar reserves climbed from \$85 million in 1949 to more than \$200 million by October 1953. Exports increased from \$22 million in 1946 to \$387 million for the first 9 months of 1953. Industrial production, based on a 1948 index of 100, had climbed to an estimated 182 in 1953.

The Austrian Government in continuing programs to increase industrial and agricultural productivity will receive American technical assistance to support these programs.

Since the start of the Marshall plan in 1948, the Austrian Government has received a total of \$960 million, of which \$727 million was direct aid. Large-scale aid has been declining steadily, as Austria's own war-stricken economy recovered. For instance, in the first 15 months of the program, Austria received a total of \$342 million of which \$280 million was direct aid. In contrast, during the last fiscal year U.S. aid dropped to less than \$50 million.

Approximately \$18 million worth of commodities and equipment authorized out of last year's aid funds are in the pipeline and in the process of shipment to Austria.

Result of Investigation of Bribery Allegation

Press release 45 dated February 2

The Department of State has now completed an investigation of the allegation referred to the Department of State by the Senate Permanent Subcommittee on Investigation on July 10, 1953.

An evaluation of this investigation indicates that:

1. There is no information indicating that representatives of a friendly foreign power sought recognition by offering a bribe, or in any way conducted themselves in an unethical or illegal manner.

2. There is no information indicating that any employee of the State Department either accepted a bribe, or solicited a bribe, or was in any way engaged in wrongful, illegal, or unethical conduct in connection with this matter.

The Department's inquiry into the Senate Committee's report was confined to the issues of alleged misconduct on the part of a friendly foreign power, or on the part of employees of the Department. These issues are resolved by the above statements (1 and 2). The question of whether or not a bribe was solicited by other American citizens is beyond the investigative jurisdiction of the Department. Information with respect to the Department's investigation has been furnished the Committee. No further comment on this matter will be forthcoming from the Department.

John Hvasta Freed

Press release 52 dated February 4

John Hvasta, an American citizen who had been imprisoned in Czechoslovakia from October 16, 1948, until his escape from prison on January 2, 1952,¹ has now left Prague on his way to the United States.

It can now be disclosed that Hvasta appeared at the United States Embassy in Prague on October 2, 1953, after being in hiding since his escape from the Leopoldov prison almost 2 years before.

Immediately upon his arrival, Embassy officials

¹For earlier statements regarding the escape of Mr. Hvasta, see BULLETIN of Aug. 18, 1952, p. 262, and Aug. 25, 1952, p. 285.

notified the Czechoslovak Government and started negotiations to enable him to leave Czechoslovakia.

U.S. Ambassador U. Alexis Johnson continued these negotiations from the moment he presented his credentials December 31, 1953. On February 3, 1954, he reached an agreement whereby Hvasta would be placed in the technical custody of the Czechoslovak authorities for one day or less with an Embassy officer present at all times, so that proceedings under Czechoslovak law for commuting the sentence could be completed. Accordingly, on February 4, 1954, First Secretary of Embassy John D. Iams accompanied Hvasta to the Ministry of Interior where the sentence was commuted to expulsion from Czechoslovakia. The same day Hvasta left Prague for Nuremberg accompanied by Counselor of Embassy Nat King and First Secretary Iams.

Hvasta had been sentenced to 3 years imprisonment by the State Court at Bratislava on June 1, 1949, on charges of espionage. On April 25, 1950, his case was reviewed by the Czechoslovak Supreme Court at Prague in a secret trial and his sentence was increased at that time to 10 years.

The Department is gratified that Mr. Hvasta is now able to be reunited with his parents and brother in the United States after this long and tragic separation. It is also pleased that the long and persistent efforts on the part of this Government to obtain freedom for Mr. Hvasta, whose imprisonment it has always considered unjustified, have now reached a successful conclusion.

Charges of Intervention in Guatemala Denied

Press release 42 dated January 30

The Department of State has today received a summary of the statement issued yesterday by the Presidential Information Office of Guatemala charging that the U.S. Government had acquiesced in a plot by other nations against Guatemala. The charge is ridiculous and untrue. It is the policy of the United States not to intervene in the internal affairs of other nations. That policy has repeatedly been reaffirmed under the present administration.

It is notable that the charge comes as the climax of an increasingly mendacious propaganda campaign and of attacks on freedom of expression and democratic labor organization in Guatemala. This is perhaps connected with the recent change in the Guatemalan Foreign Ministry and with the return from visits to the Soviet Union and Iron Curtain countries of Victor Manuel Gutierrez and Jose Manuel Fortuny, the former a notorious Communist and leader of the Communist-dominated labor confederation (CGR), the latter

the head of the Guatemalan Communist Party, and both closely associated with the leading figures of the Guatemalan Government. The official Guatemalan press and radio offices, to which President Arbenz has appointed a group of dedicated propagandists of communism such as Raul Leiva, Carlos Alvarado Jerez, Otto Raul Gonzalez, and Medardo Mejia, have a long record of circulating false charges, typically Communist in their tech-

nique, against the United States, the United Nations, and particularly those countries which have been actively resisting Communist aggression.

The United States views the issuance of this false accusation immediately prior to the Tenth Inter-American Conference as a Communist effort to disrupt the work of this conference and the inter-American solidarity which is so vital to all the nations of the hemisphere.

What the United Nations Means to the United States

by Henry Cabot Lodge, Jr.

*U.S. Representative to the United Nations*¹

It is a great honor to be speaking in this historic place before this important audience. Here, in this old colonial capitol, are symbolized events which gave birth to this country—events which are still as fresh, as vivid, and as contagious as they were on the day that Patrick Henry, standing on this very place, spoke out fearlessly, eloquently, immortally against tyranny and the forces of tyranny. Every day that goes by sees brave men coming through the Iron Curtain at the risk of their lives in search of freedom because, like Patrick Henry, they prefer death to slavery.

Coming from Massachusetts, in whose State House also events took place which played a vital part in the forming of this country, and as one who has served in the Legislature of the Commonwealth of Massachusetts, I naturally have a deep appreciation of what it means to address the Legislature of Virginia. You are the authentic voice of the sovereign people, and anyone occupying the office which I now hold must count it a privilege to be able to report to you.

Today, I ask you to look at the United Nations, to scrutinize its purposes, its achievements, its shortcomings, its utility, and its future promise—all with the utmost frankness. The times are far too serious for self-delusion. We must see this thing as it is—we must coolly appraise its value. We must ask ourselves the great question which we always ask ourselves in our official capacity as legislators: Is it good for America?

In bluntest terms, the United Nations is an international device whose primary purpose is “to save succeeding generations from the scourge of war” by developing enough strength to deter aggression and, if in spite of the United Nations it should occur, to repel it.

It was created by a charter, which was ratified by the Senate by a vote of 89 to 2 in 1945 at the close of the bloodiest war in history. It was invited to establish itself in the United States by a unanimous vote of the United States Congress and has its headquarters in New York City.

To promote peace, the charter created a Security Council of 11 members which has the power, subject to the veto of any one of its 5 permanent members, in case of aggression to issue action orders which are legally binding on all United Nations members.

It also set up a General Assembly, which cannot issue orders but has power to debate and to recommend. In the General Assembly each of the 60 member nations has one vote, regardless of size.

When the United Nations was founded, it was assumed that the great allies of World War II would stay together to keep peace. But the Soviet Union became hostile to the free world and, by its abuse of the veto, caused the Security Council to become less and less active, with the result that the General Assembly has become the busy place. (A veto-proof method has at last been evolved for bringing a collective defense program into being by recommendations passed by a two-thirds vote of the General Assembly. When, as, and if aggression occurs in the future, we will no

¹Address delivered before the Virginia House of Burgesses at Williamsburg, Va., on Jan. 30 (press release 41 dated Jan. 29).

longer be paralyzed by the Communist abuse of the veto.)

This growth of the General Assembly is in many ways a sound development because a solid foundation for peace actually depends on two things: (1) the existence of common practical interests; and (2) the existence of a common sense of justice, which means a common sense of right and wrong and a common view of the relation of the individual to his government.

Until both of these things exist, those who insist on schemes for world union or world government do more harm than good because, like someone feeding fried potatoes to a newborn baby, they are trying to ram something down the throat of the world which it cannot digest. If any one of the 13 colonies, at the time of the American Revolution, had had a view of life as different from the rest of the world as the view of the Soviet Union is different from the free world today, there would have been no United States. The American revolutionists, unlike the people of the world today, all had the same general thoughts about the nature of man.

In the modern world there is already a growing knowledge that countries have many common practical interests. But the growth of a common sense of justice seems to come more slowly—and, as any effective scheme for world order depends on such a sense of justice, the essential first step is a world forum where issues can be debated and put to a vote and where world public opinion can develop. The General Assembly is thus a place where they “talk and vote”—just as they do in any democratic assemblage—because it is by talking and voting that you sometimes avert war, and it is by talking and voting that you build a world sense of right and wrong.

The 60 member nations of the United Nations are a sizeable majority of the world's nations and of the world's population. The General Assembly is, therefore, the indispensable first step—the necessary foundation for any future world order which mankind may wish to build. It is as far as we can go now. But we should go this far.

Accomplishments of the United Nations

The United Nations is a place where:

... public opinion is developed—and public opinion makes things happen in spite of iron curtains.

... we can see what the Communists are doing in the war of ideas—and sometimes in other ways. Without it we could not see nearly as much.

... you can get authoritative reactions quickly on the state of opinion in almost any part of the world, which it would take days, if not weeks, to get otherwise.

... Americans can see how their American pub-

lic servants are conducting the American side of the cold war. It therefore enables us to correct our mistakes more quickly and with greater sureness than we could do otherwise.

... the free world gets consolidated. Being free, the non-Communist nations naturally tend to go their own way and to drift apart. But sooner or later some Communist spokesman will make some statement that is so monstrous that you can almost see the free nations getting together before your very eyes. This more than counterbalances whatever advantages the Communists may get out of their propaganda.

... we have developed valuable allies—certainly not as many as we should have liked. But, equally certain, whatever allies we have are welcome and are that much clear gain.

... six of the member nations are peoples who were under alien control when the charter was signed. Of the 800 million people in the free world who were dependent 10 years ago, some 600 million—or three-fourths—have won full independence since 1945. The newly independent countries which belong to the United Nations include India, Pakistan, Burma, the Philippines, Indonesia, and Israel.

... representatives of nations can meet without formality to settle disputes. Those who want to divide and rule are impeded, for this is a hard game to play when the entire free world is looking on.

... the threat of war in Iran in 1946, due to pressure of Russian troops, was moderated and gradually extinguished.

... the initiative was taken, with substantial American backing, to prevent Communist encroachment on Greece in 1947.

... open warfare over Kashmir between India and Pakistan was stopped.

... the advent of Israel into the family of nations was determined and an end put to a bloody war in the Holy Land, although the situation is still dangerous.

... working with the Netherlands and the Indonesians, full independence was given to the 76 million people inhabiting Indonesia.

... part of the free world was organized to repel the bloody aggression in Korea, which threatened the whole free world—and not only in Asia.

... the Kremlin has a real headache in the United Nations. They cannot control the United Nations; they cannot break it up; they dare not leave it.

What United Nations Is Not

The United Nations is not a world government. It cannot impose a tax of any kind. It cannot draft a single soldier—from any country for service in Korea or elsewhere. Its charter specifically

prohibits its intervention in domestic matters (article 2, paragraph 7). Your representative at the United Nations is called Ambassador by act of Congress, for the simple reason that he represents a sovereign state and not a political subdivision. It would, of course, be a manifest absurdity to give the large and small states each one vote in a body which had the powers of a government.

It is not a heavy burden on the United States taxpayer—16 cents per citizen in Year 11 of the Atomic Age. This is less than half of what is spent for the sanitation of the city of New York, or one-fourteenth of what is spent for cigarettes. The amount spent, according to the New York *Times* figures, by the United Nations, foreign delegations, and secretariat members living in New York far exceeds our annual contribution to the United Nations and the specialized agencies—and the American contribution was reduced both in percentage and in actual dollars at the last session of the General Assembly.

It does not threaten the destruction of our Constitution because, as the Supreme Court has said, "the treaty making power does not extend as far as to authorize what the Constitution forbids." There is only one organ of the United Nations which can take action which is legally binding. That is the Security Council and there the United States is completely protected by the veto. None of the other things the United Nations can do are anything but recommendatory.

It is not a nest of Communist spies, because there is nothing to spy on in the United Nations—which is why the Soviets haven't even filled their quota of employees. No United States citizen employed by the United Nations has ever been prosecuted for espionage. Every United States citizen employed there will within a few months have been screened in accordance with a Civil Service Commission-FBI plan. With so many good Americans to choose from there is no justification whatever for employing a single American in the United Nations who is a Communist.

It is not a snare which dragged the United States into the Korean war. The United States took the initiative in getting the United Nations to take action against the Communist aggressor in Korea.

It is certainly not a device which has had an unbroken record of successes. Far from it. It did not prevent the Communist victory in China. Neither did the United States. Communist successes in other parts of the world have taken place in spite of the United Nations. Yet it not only survives but actually functions helpfully, though imperfectly, in spite of the fact that the Communist bloc is in a cold war with the rest of the world.

Its Future

The need for the United Nations is sure to grow as rapidly as science progresses. Today,

none of the 60 nations comprising the United Nations is able to maintain itself alone—except for the Soviet Union, which does it by harsh slave labor. The United States cannot exist without supplies far in excess of what we produce here. If we were denied as few as 20 essential materials we would be completely crippled economically. The whole of North America, with guided missiles and atomic weapons, can be crippled militarily. Maybe it was possible to get along without a place like the United Nations in the days when the 4½-day boat to Europe was the quickest way to travel across the seas, although even in those days we got into two world wars. But a place like the United Nations is as necessary now in international politics as an airport in international travel.

It is perhaps because of this need that the United Nations, with all its faults, has been able, more than any other body in modern history, to organize peace and security—in spite of the great threats to peace and security at large in the world.

This is, undoubtedly, why war would be inevitable if the United Nations disappeared.

If war came in spite of the United Nations, it would then be the indispensable instrument for repelling the aggression—which is probably one reason why the Communists don't leave it.

This explains why men of good will throughout the world would be straining every nerve to create even the imperfect device which we have now if the United Nations did not exist.

Therefore there is a need for the United Nations, a need as real as the yearning of mankind no longer to send its sons off to slaughter.

Three questions have been raised in the United States with regard to the United Nations, and satisfactory answers to these questions must be given.

One concerns the loyalty of United States personnel on the payroll, and, as I have said, within a few months every American employed there will have been screened in accordance with the Civil Service Commission-FBI plan.

The second is that the Soviets used the United Nations to fight their cold war battles whereas the United States did not. This situation does not exist in the United Nations today. We follow the policy of actively using the United Nations as the one great world forum for international presentation and rebuttal. At the last session of the General Assembly we used it as a place in which the big truth could be used to demolish the big lie.

To give a few examples, Dr. Charles Mayo of the Mayo Clinic, who was an American delegate, made a smashing demonstration of the diabolical falsity of the Communist charge that the United States has been using germ warfare in Korea. Other delegates focused the spotlight of world attention on forced labor behind the Iron Curtain and on treatment of World War II prisoners of

war. I presented the dreadful story of Communist atrocities in Korea which so moved the General Assembly that it adopted a condemnatory resolution. In addition to these specific topics, we have adopted the practice of always answering a Communist speaker immediately so that no news story goes out of the United Nations to the world public consisting only of the Communist side. In that news story there is always something from the side of the free world.

In November the President came to the conclusion that, if the legislature of Puerto Rico adopted a resolution asking for complete independence, he would be glad to do all in his power to see that Puerto Rico got it. The President chose the United Nations as the place at which that announcement should be made. When it was made, it created great good will for the United States among Latin American countries and also in countries in Asia and Africa where the colonial question is a matter of active interest.

The third question asks whether it is true that the United States has given an undue proportion of manpower to the Korean war and that the other members of the United Nations have put in too little.

There is no doubt that the contribution of the United States to the war in Korea was of overriding importance and was in fact utterly indispensable. In combat manpower alone the contribution of the United States was far larger than that of any one country except the Republic of Korea—and it is the United States which trained and equipped the Republic of Korea army.

It is also true that the other United Nations members put up the equivalent of two divisions. The United States divisions at World War II figures cost \$600 million a year. The cost today is probably greater, but is a secret. If, therefore, the United States had had to furnish these two divisions, the added dollar cost would have been at least \$600 million. When you compare that with our annual contribution of \$25 million, you can see that on a financial basis alone the United Nations is not a bad deal.

Carrying the fiscal argument still further, remember that the most expert studies indicate that after every last bill has been paid, World War II will have cost us \$1 trillion, 300 billion—which again makes our \$25 million contribution to the United Nations seem smaller.

Of course, money is not the only, and not even the most important, consideration. If the United States had had to supply two more divisions there would have been that many more American casualties, that many more tragedies in American homes, which were instead suffered in homes of other countries whose brave men answered the call.

Many persons had the idea at the end of World War II that the United Nations would be an automatic peace producer—that a few gifted lawyers

scattered around the world would draft a charter; that this charter would be ratified by the nations; that a handsome building would be erected; and that then the world would have an automatic device for peace.

No Automatic Device for Peace

The truth is that there is no automatic device for peace. If the United Nations is as automatic as a burglar alarm, it is doing well. But what happens after the bell rings is up to the members, and you will get results solely in proportion as you contribute. In the grim struggle for peace, the payments which must be made are not merely in money; they are chiefly in the service of men. In the face of something as critical as an impending war nothing less than human muscle, human hearts, and human service will do the job.

Rather than draft a charter and then look for troops it might have been more logical at the time for the nations to have earmarked the troops and then drafted the charter. But history is not always logical and we do progress.

In the struggle for peace, as in every other human endeavor, the success of the struggle depends directly on how hard you work, how deeply you sacrifice, how sincerely you care, how much in the service of your sons you are willing to put in. No amount of diplomatic nicety and verbal courtesy can alter this fact, and the future of the United Nations is bound up in it.

The United Nations is a place where the nations of the world may take whatever collective action they are at any given moment capable of taking. Such a place is a vital necessity.

While the need for the United Nations is as strong and as steady as the human yearning for peace, its future success depends entirely on the extent to which its members support it. It is up to them. They can drop it impatiently and destroy it because it had not brought the millennium, or they can kill it by failure to support it. Or, like the Wright Brothers with their first airplane in 1903, they can perfect it and transform it into something which will make future generations forever grateful that we in the 1950's had the patience and the foresight to make this beginning.

For Americans the United Nations is not only a place to promote peace, it is the greatest single place in which to develop partners who, valuing their own freedom, will fight to defend it whenever it is attacked and thus, on a basis of mutual respect, help us in our struggle to survive. For a nation like the United States, which has most of the world's wealth and only 6 percent of the world's population, the conclusion must be obvious that we cannot have too many partners to help us carry the load of combat.

The United Nations is primitive; it is evolution-

ary; it has not brought, and will not bring, the millennium. But it is useful; its cost is small; it is an intelligent first step; it stands between us and international anarchy. It thus stands between us and World War III or the extinction of human freedom—or both. Finally, it represents another important step in man's long march toward freedom—a march with so many impressive associations with this historic city and this historic House of Burgesses.

Question of Reconvening Eighth General Assembly

Following are texts of a communication from Ambassador James J. Wadsworth to Dag Hammarskjöld, U.N. Secretary-General, together with a note from the Secretary-General to Ambassador Wadsworth transmitting a communication from Mme. Vijaya Lakshmi Pandit:

Ambassador Wadsworth to the Secretary-General, January 11

U.S./U.N. press release dated January 18

The acting representative of the United States of America to the United Nations presents his compliments to the Secretary-General of the United Nations and has the honor to refer to the Secretary-General's note SG 25/01 (8th), dated January 11, 1954, with which he transmitted the text of a communication dated January 10, 1954, from the President of the General Assembly with regard to reconvening the Eighth Session of the General Assembly on February 9, 1954.

The acting representative of the United States has the honor to request that the Secretary-General transmit by cable to the President of the General Assembly the following reply to her communication of January 10:

"I have the honor to refer to your communication, dated January 10, 1954, in which you inform United Nations Member Governments of the request of the Government of India that the Eighth Regular Session of the General Assembly be reconvened. In view of the current situation my Government will not be able by January 22 to determine whether the general interest would be served by a reconvening of the General Assembly. Consequently the United States is unable to concur in the proposal in your letter of January 10. It will, however, keep your proposal under review.

"With regard to the final sentence of Paragraph 5 of your communication, the United States considers that, in view of the terms and history of the General Assembly's resolution of December

8, 1953,¹ and uniform United Nations practice, the express concurrence of a majority of Members of the United Nations is required in order to reconvene the Eighth Session."

The Secretary-General to Ambassador Wadsworth, January 11

SG 25/01 (8th)

The Secretary-General of the United Nations presents his compliments to the Permanent Representative of the United States of America to the United Nations and has the honour, following upon a request by the President of the General Assembly, to transmit the text of a communication dated 10 January 1954 from the President with regard to reconvening the eighth session of the General Assembly on 9 February.

In accordance with paragraph 5 of the communication, the Secretary-General would appreciate receiving the reply of your Government as early as possible, and in any event, prior to 22 January 1954.²

[Enclosure]

COMMUNICATION DATED 10 JANUARY 1954 FROM THE PRESIDENT OF THE GENERAL ASSEMBLY TO ALL MEMBER STATES

1. I have the honour to refer to A/RESOLUTION/173 passed by the General Assembly on 8 December 1953.

2. The Government of India have availed themselves of the provisions in sub-paragraph (b) of paragraph 2 of the said resolution and requested me to reconvene the eighth session of the General Assembly "in reasonable time prior to the date of the dissolution of the Neutral Nations Repatriation Commission" which, they inform me, should take place before 23 February.

3. The request made by the Government of India is, in my considered judgment, warranted by the "developments in respect of the Korean question" as contemplated by the General Assembly's resolution.

4. The Government of India have made no specific suggestion as to the date of reconvening the eighth session. An appropriate date, in my judgment, would be 9 February, which falls midway between the two relevant dates of 23 January and 23 February and is also on a Tuesday which, as you know, is the day of the week on which the General Assembly has usually been convened.

5. In pursuance of the request made to me by the General Assembly, I request your concurrence to the initiative I am taking in reconvening the eighth session of the General Assembly at New York on Tuesday, 9 February 1954, at 15:00 hours. In view of the limited time available, I shall be grateful if you will communicate your reply to

¹ A/Resolution/173, which requested the President of the General Assembly "to reconvene the eighth session, with the concurrence of the majority of Member States, if (a) in her opinion developments in respect of the Korean question warrant such reconvening, or, (b) one or more Member States make a request to the President for such reconvening by reason of developments in respect of the Korean question."

² The Secretary-General later extended this deadline to Jan. 29. By that date, 22 countries had expressed concurrence, 28 had disapproved the proposal, and 10 had not replied. On Jan. 30 he informed U.N. members that the requisite majority required by A/RESOLUTION/173 had not been obtained.

the Secretary-General by telegram, as early as possible and, in any event, prior to 22 January. If, for any reason, your reply is not received by that date, I shall venture to presume your concurrence with the initiative I have taken in this matter.

6. I feel sure that Member States, having regard to the grave responsibilities resting on the Commission and particularly on its Chairman, and on the Custodial Force of India, as well as the importance of the unresolved aspects of the Korean question and the continuing deadlock, will readily concur in the initiative that I have taken in pursuance of the General Assembly's resolution.

VIJAYA LAKSHMI PANDIT

Increase in Coffee Prices

Following are the texts of a letter from Mrs. John B. Sullivan, Member of Congress from Missouri, and a letter in reply from Thurston B. Morton, Assistant Secretary for Congressional Relations, regarding the recent increase in the retail price of coffee:

LETTER FROM MRS. SULLIVAN

JANUARY 18, 1954

HONORABLE JOHN FOSTER DULLES
Secretary of State
Washington 25, D. C.

DEAR MR. SECRETARY: The spiralling cost of green coffee on arrival in the United States has led to a tremendous spurt in the price of coffee at retail—so much so that restaurants are now being forced to charge as much as 15 cents a cup and the housewife is paying from \$1.06 to \$1.10 or more a pound by the tin. The worst aspect of this unhappy situation is that the trade flatly predicts further, and perhaps even more substantial, increases in coming days.

While it may be true that much of the increase can be attributed to the frosts in Brazil last July which reduced the 1953-54 harvest by perhaps 7 percent, I also understand from trade reports that speculation and hoarding in the supplier countries, and probably in the United States too, are also big factors in the great surge of coffee prices.

Since we are completely dependent upon imports for our supply of coffee, and since we are dealing with countries with whom we have enjoyed excellent relations and close ties of friendship and commerce, is there not some way the influence of the Government of the United States, through your Department, can be brought to bear in this situation to assure a better break for the housewife and the consumer of this essential product?

Has your Department made any effort to reach agreement with the coffee-supplying nations to assure an adequate supply of the reduced production for our needs? Have you initiated any conversations toward assuring this supply at fair prices?

In other words, Mr. Secretary, what *is* our Government doing—and, also, what *can* it do under present authority—to arrange with the coffee-producing nations for fairer marketing of coffee in the United States? I know every American housewife would be interested in your answers to both of those questions. I am certainly one housewife who would be.

As I told the House of Representatives today in announcing that I was writing to you on this subject, I know this would not be the weightiest matter on your mind at this moment. Nevertheless, I do believe that if you want us as a people to concern ourselves actively with the monumental issues which confront you in representing us among the nations of the world, please—please—make sure we can all get a decent cup of breakfast coffee.

Without that solace, how can we possibly face up to the problems you want us to concern ourselves with?

Sincerely yours,

LEONOR SULLIVAN
Mrs. John B. Sullivan, M. C.
3d District, Missouri

LETTER FROM MR. MORTON

Press release 39 dated January 27

JANUARY 26, 1954

DEAR MRS. SULLIVAN: The receipt is acknowledged of your letter of January 18, 1954 regarding the recent increase in the retail price of coffee. The latest information received from the United States Embassy in Rio de Janeiro corroborates your information that a major factor in the price rise is the limited supply of coffee which will be available from Brazil as a result of a short crop last year and frost damage to this year's crop. The Embassy has reduced its estimate of the supply available for export from the 1953 crop from 15.6 to 14.1 million bags, a reduction of almost 10 percent. This estimate applies to the crop produced in Brazil prior to the frost damage which occurred last July and August. The crop now on the trees cannot be estimated with any accuracy until later in the season, but the Embassy anticipates a smaller output than last year, even with favorable growing conditions.

The reduction in the Brazilian crop estimate has had an unusually pronounced effect upon prices because it comes on top of an already tight supply position. The world has been consuming more coffee than it has produced for a number of years. The excess of demand has been met by drawing on reserve stocks, which are now very low. World consumption of coffee is estimated to have exceeded 33 million bags last year. Supplies available for export during the current crop year, which began

July 1, 1953, are now estimated at less than 31 million bags, or about two million bags below the anticipated requirements. If exports from Brazil should be maintained at last season's levels the United States Embassy in Rio de Janeiro foresees a reduction in the Brazilian carry-over from 3.2 million bags, at the end of the last season, to 2.3 million bags this year, a record low figure.

Adjustment of supply to demand is very slow in the case of coffee because the tree does not bear until the fifth to seventh year after planting. Low coffee prices during the 1930's and early 1940's made it unprofitable to plant new trees, and it is estimated that Brazil suffered a net loss of some 390 million trees during the decade 1940-50. Planting has been increasing rapidly during the post-war period, but only about one-half of the new trees have yet come into bearing. Much of Brazil's new planting was concentrated in the state of Parana, and this was, unfortunately, the area most affected by the recent frost. The Brazilian Government has allocated funds to assist coffee producers to replant, but it will be several years before these trees can contribute to the supply. New plantings have been increasing in other countries as well as in Brazil, however, and the long run supply picture is better than it has been for some years.

The Department has learned of no speculation or hoarding, either in the United States or in the producing countries. A December 16 report, the latest from the United States Embassy in Rio de Janeiro on this subject, states that exports from Brazil during the first five months of the current season (July-November 1953) amounted to 7.4 million bags compared with 6.9 million bags during the same period last year, which would indicate that coffee was moving normally and not being withheld from market, at least during that period.

You ask whether the Department of State has made any effort to reach agreement with the coffee producing nations to assure that adequate supplies of coffee will be made available at reasonable prices to meet the requirements of consumers in the United States. The Department of State takes a great interest in keeping coffee prices within reach of the American consumer, since coffee is one of the principal items of trade between the United States and Latin America, and an expanding trade is in the interest of both. It is my understanding that coffee prices have receded somewhat from the recent peak, and it is my belief that the governments of the producing countries will make every effort to bring prices back to normal. I am informed that exports from Colombia are moving at record levels and that prospects for the 1954 Colombian crop are very good. This will offset, to some extent, the anticipated short crop in Brazil.

As to steps which might be taken to relieve the situation immediately, there does not appear to be any practicable basis upon which the Govern-

ment of the United States might approach the governments of producing countries with a request that they allocate supplies or impose ceiling prices. Coffee, like most agricultural crops grown in the United States, is produced by thousands of small farmers who customarily sell through private trade channels. The large surplus stocks once held by the Brazilian Government were liquidated several years ago. The United States Government did impose ceiling prices on coffee during the second World War and during the emergency following the outbreak of hostilities in Korea. Coffee was one of the last items to be decontrolled, and there was some criticism from the coffee-producing countries because controls were being relaxed on prices of manufactured goods which they customarily buy here while controls were retained on the price of coffee, one of their principal exports. One of the first acts of this Administration was to eliminate price controls, in the belief that the free play of market forces, operating through private initiative, would result in the long run in the most satisfactory allocation of the nation's resources and the best protection of the consumer's interest. The authority for imposing price controls no longer exists in the United States, and this Government would be reluctant to request action by other governments which it is not in a position to reciprocate.

If the United States Government were to undertake to negotiate an agreement with the coffee-producing countries which would obligate them to supply a specified quantity of coffee at a specified price it would, necessarily, assume an obligation to purchase the coffee at that price. No agency of the United States Government has authority to assume such an obligation.

The United States Government, through the Department of State, has been represented over a number of years on the Sub-Committee on Coffee of the Inter-American Economic and Social Council of the Organization of American States. This Committee, on which most producing countries of the western hemisphere are represented, considers coffee problems of mutual interest, and the United States representative has repeatedly urged that better statistical information be collected in the producing countries, especially with respect to new plantings of coffee trees, so that an accurate determination could be made of the prospective supply over a period of years, and crises either of shortage or surplus avoided. This Committee is purely an advisory body, but it has developed an awareness on the part of the member governments of the need for expanding production, and plantings of coffee trees have increased. The Department will continue to urge producing countries to expand production until consumers' requirements can be met at a price which they can afford to pay.

Sincerely,

THURSTON B. MORTON

American Principles		
The Challenge for Private Enterprise in Latin America (Woodward)	234	
U.S. Policy Toward Japan (Robertson)	229	
Austria. Improvements in Austrian Economy	250	
Communism. Charges of Intervention in Guatemala Denied	251	
Congress. Result of Investigation of Bribery Allegation	251	
Czechoslovakia. John Hvasta Freed	251	
Economic Affairs		
The Challenge for Private Enterprise in Latin America (Woodward)	234	
Improvements in Austrian Economy	250	
Increase in Coffee Prices (Sullivan; Morton)	257	
U.S. Policy Toward Japan (Robertson)	229	
Guatemala. Charges of Intervention in Guatemala Denied.	251	
International Organizations and Meetings		
Foreign Ministers Continue Berlin Talks (Dulles; Soviet resolution)	222	
The International Tin Agreement of 1953 (Nichols)	239	
Japan. U.S. Policy Toward Japan (Robertson)	229	
Latin America. The Challenge for Private Enterprise in Latin America (Woodward)	234	
Military Affairs. Turkey's Contributions to the Peace Front (Bayar)	247	
Mutual Security. Use of Agricultural Surpluses in Overseas Programs (Waugh)	238	
Presidential Documents		
Messages to Congress. Expansion of Domestic and Foreign Prosperity	219	
Protection of Nationals and Property. John Hvasta Freed	251	
State, Department of. Result of Investigation of Bribery Allegation	251	
Treaty Information. The International Tin Agreement of 1953 (Nichols)	239	
Turkey		
Turkey's Contributions to the Peace Front (Bayar)	247	
Turkish President Awarded Legion of Merit (texts of statements)	249	
United Nations		
General Assembly. Question of Reconvening Eighth General Assembly (Wadsworth; Hammarskjold)	256	
What the United Nations Means to the United States (Lodge)	252	
<i>Name Index</i>		
Bayar, Celal	247, 250	
Dulles, Secretary	222	
Eisenhower, President	219, 249	
Hammarskjold, Dag	256	
Hvasta, John	251	
Lodge, Henry Cabot, Jr.	252	
Molotov, Vyacheslav M.	222	
Morton, Thurston B.	257	
Nichols, Clarence W.	239	
Pandit, Vijaya Lakshmi	256	
Robertson, Walter S.	229	
Sullivan, Mrs. John B.	257	
Wadsworth, James J.	256	
Waugh, Samuel C.	238	
Woodward, Robert F.	234	

Check List of Department of State Press Releases: February 1-7, 1954

Releases may be obtained from the News Division, Department of State, Washington 25, D. C.

Press releases issued prior to February 1 which appear in this issue of the BULLETIN are Nos. 35 of January 25, 37 and 39 of January 27, 41 of January 29, and 42 of January 30.

No.	Date	Subject
†43	2/1	Robertson: N. Pacific fisheries
†44	2/2	German exchange program
45	2/2	Allegation of bribery
46	2/3	Dulles: Berlin statement, Jan. 27 ¹
47	2/3	Dulles: Statement of Jan. 28
48	2/3	Dulles: Statement of Jan. 29 ¹
49	2/3	Dulles: Statement of Jan. 30 ¹
50	2/3	Dulles: Statement of Feb. 2
†51	2/4	Murphy: Brotherhood
52	2/4	Return of John Hvasta
53	2/4	Dulles: Statement of Feb. 3
54	2/5	Robertson: Policy toward Japan
†55	2/5	Waugh: Economic policy
56	2/5	Dulles: Statement of Feb. 4
†57	2/5	Willauer confirmation

†Held for a later issue of the BULLETIN.

¹Printed in BULLETIN of Feb. 8, 1954.

United States—Latin American Relations

Report to the President by Milton S. Eisenhower

pub. 5290 28 pages 20 cents

This important report to the President on *United States—Latin American Relations* results from several months of general studies and consultations with public and private leaders in this country, as well as a fact-finding trip which Dr. Eisenhower, in the capacity of Special Ambassador and Personal Representative of the President, made with members of a special mission during the period June 23–July 29, 1953, to the South American republics of Venezuela, Colombia, Ecuador, Peru, Bolivia, Chile, Uruguay, Argentina, Paraguay, and Brazil.

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Inter-American Cooperation and Hemisphere Solidarity—
Address by John M. Cabot, Assistant Secretary of State for Inter-American Affairs, on October 14, 1953.

*Strengthening Inter-American Ties—*Address by John M. Cabot, Assistant Secretary of State for Inter-American Affairs, on October 9, 1953.

*Economic Growth and Human Welfare in the Western Hemisphere—*Address by Nelson A. Rockefeller, Under Secretary of Health, Education, and Welfare, on October 12, 1953.

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The Department of State

Vol. XXX, No. 765

February 22, 1954



A FOREIGN POLICY FOR THE LONG HAUL ● *by Under Secretary Smith* 263

FOREIGN MINISTERS' DISCUSSIONS CONTINUE 266

BUILDING A SECURE COMMUNITY ● *by Assistant Secretary Morton* 289

BROTHERHOOD IN THE WORLD OF TODAY ● *by Deputy Under Secretary Murphy* 287

MISSION TO THE MIDDLE EAST ● *by Eric Johnston* 282

THE DEVELOPMENT OF UNITED STATES POLICY IN THE NEAR EAST, SOUTH ASIA, AND AFRICA DURING 1953: PART I ● *Article by Harry N. Howard* 274

For index see inside back cover



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February 22, 1954

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Publications of the Department, as well as legislative material in the field of international relations, are listed currently.

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A Foreign Policy for the Long Haul

by Under Secretary Smith¹

It is a very special honor to be your guest this evening. To me it is a wonderful thing that in these troubled times men gather together to withdraw for a brief space from worldly pursuits, to renew their faith, and to strengthen their souls through meditation and prayer. We are so swept along by the tide of events—the press of daily problems is so intense—that the great perspective is too easily lost. Not only individuals, but also nations and their governments, can be the victims of these distractions. The therapy of a retreat might be as effective for the mundane as for the spiritual vision, and I think that nowhere in the mundane realm is the need for quiet and constant rethinking and reassessment greater than in the sphere of relations among nations. In a violent and distracted world where events move at an unprecedented pace; new factors are constantly emerging; new forces are being felt, and known forces are changing direction. Calm and reasoned judgment in the conduct of foreign policy may bring us success and with it the security and peace that we have sought so long. Failure would threaten our survival.

The foreign policy of our country is determined in Washington by the President and his lieutenants. The duty of applying that policy to local situations abroad devolves upon our Foreign Service. It is a tremendous responsibility at any time, but especially so today. I can assure you that your country's representatives abroad are second to none in competence, in loyalty, and in devotion to American ideals. In a recent book Sir Robert Bruce Lockhart, himself a veteran of 40 years of British diplomacy, says:

The career American diplomats are a remarkable body of men, thoroughly trained for their job, eager, receptive, more alive to the social convulsions of a changing world and less conservative in their attitude than many of their British colleagues. I think that ever since 1918 they have been more often right in regard to Europe than we have.

¹ Address made before the Laymen's Week-End Retreat League, Men of Malvern, Philadelphia, Pa., on Feb. 9 (press release 60).

Today I completed my first year of service as Under Secretary of State, and during that year I have had impressed on me time and again the accuracy of Bruce Lockhart's statement. I take this occasion to remind you that by encouraging your representatives abroad you make a practical contribution to the success of the work they are doing, and there has never been a time when it has been more important that they be in a position to give their best.

I have spoken of the necessity for frequent and careful review of the relations between nations and of our own foreign policy. The objectives of this policy remain constant—the welfare and the security of the United States—but as situations change the programs designed to implement our policy must be adjusted. The President is keenly aware of this necessity. Such a review has recently been completed, and the Secretary of State has announced certain modifications of policy. These I would like to discuss with you tonight because they hold deep significance for us, for our allies, and for that part of the world which is hostile to our beliefs and convictions.

Emergency Measures

At the end of World War II it was evident that the American objectives, the security of the United States and the preservation of its ideals, required material and moral reconstruction almost on a global scale. The war had left widespread devastation, human misery, unrest, and shattered political structures. These conditions are no foundation for an international framework of peace. Accordingly, we instituted various programs to improve the security of the free world and to provide a basis upon which a real peace might be built.

Reviewing the past decade, I think it is agreed that most of the policies we have followed have been sound. However, they were, in general, emergency measures adopted under pressure to meet situations imposed by forces outside our borders. Our program for economic aid for other free nations is one example. First, it was of an

emergency nature to fend off widespread collapse; later, it was designed to enable the war-stricken nations to rehabilitate themselves. The program of military assistance is another. As the aggressive character of Communist policy became evident, our own security, as well as that of our allies, necessitated defensive rearmament. By such measures as the North Atlantic Treaty and similar security agreements, and through a vast program of military assistance, we have strengthened the free world. Another example is our reaction to the brutal attack on the Republic of Korea. The membership of the United Nations rallied behind American leadership, fought the aggression, and met it successfully. These were the acts of a nation which realized the danger of Soviet communism, which saw that its own safety was tied with that of others, and which was capable of responding boldly and promptly to emergencies.

However, emergency action is costly and emergency measures, no matter how good or necessary at the time, are not suited to our long-term interests. Moreover, we have grown in strength together with our allies, and we are no longer helpless in the face of overwhelming force. The growth of the economic and the military power of the free nations has partly rectified the imbalance of power between the free world and the slave world. The land forces now available to the free world, although by no means the equal of the Red armies, are strong enough to discourage aggressive adventure. And we now possess the further deterrent of massive retaliatory power.

In the reexamination of our foreign policy these considerations became clearly apparent. The dangers facing us are no less great and the threat of Communist aggression remains grave, but the situation has changed. The difference is the increase in our capacity and the capacity of our allies. In harmony with the times, therefore, we are planning, as the Russians plan, for an entire historical era. The United States must be strong not only for today, but for all of the foreseeable future; and we must be strong not only for ourselves, but for those who today and in the future look to us for leadership in building their own strength and maintaining their own security. We know only too well that the Soviet Communists plan in terms of generations. We know that their objective is to divide and weaken the free world, to separate friendly nation from friendly nation, to force us to overextension until, as Lenin said, we come to practical bankruptcy. And the threat which we must meet is the Soviet strategy that is not limited by a precise timetable. For us the timelessness of Soviet strategy is of the utmost importance. We cannot permit ourselves or the free nations who are associated with us to be exhausted economically or physically. Our own economic strength is the bastion of the free world, and it must be maintained. Accord-

ingly, we have geared our policy for the long haul. We are well aware that the cost of our security effort of the past 3 years, if continued over the next decade, could bring on an economic breakdown. Therefore, defense cost must be brought to a level which is within our capacity to sustain over an indefinite period.

It is not sound military or economic strategy, for example, to maintain U.S. land forces in Asia when our friends and allies in Asia are willing and anxious to defend themselves, given the materiel and training to enable them to do so.

It is not sound strategy to commit ourselves to the maintenance of military establishments so vast and costly as to threaten us with bankruptcy (again as Lenin predicted), when we possess the massive means of retaliation to deter aggression. However, as Secretary Dulles recently said, although a change was imperative to insure the stamina needed for permanent security, it was equally imperative that this change should be accompanied by an understanding of our true purposes. Any sudden and spectacular modification of policy had to be avoided. Otherwise, there might have been panic among our friends and miscalculated aggression by our enemies.

Maximum Defense at Bearable Cost

Our Government is seeking a national security system which will provide the maximum defense at a bearable cost, and our purpose is to make our relations with our allies more effective and less costly. Today we are placing more reliance on deterrent power and less on local defensive power. The development of local defenses will continue but at a more moderate rate than the emergency pace set heretofore. This has already been put into effect in the North Atlantic Treaty Organization plan. There, as elsewhere, the growth of conventional defense forces is calculated to remain within the defensive policies of the member nations. President Eisenhower has announced our intention to reduce the number of American troops in Korea and at the same time to equip a corresponding number of Korean divisions. At the same time he declared that American units in the Pacific would be highly mobile naval, air, and amphibious elements. The net result is an increase in the striking power that can be directed against any aggressor. This striking power is to be reinforced with what I have previously referred to as massive retaliatory strength, and this strength is centered in a strategic air force capable of prompt and decisive counterattack at a time and against a target of our own choosing. In this reordering of free-world defenses several important purposes are accomplished. In the first place, we obtain maximum security at a cost within our capacity to pay, and thus we insure that our effort will be enduring and enduring. Next, we

have reached a position where we can guarantee future resistance at the outset against any aggression, and we have served notice that an aggressor invites devastating retaliation at a time and at a place of our own choosing.

As long as American basic policy concepts were unclear and undecided, it was not possible for our Joint Chiefs of Staff to act definitively in building our military power. Accordingly, our enemies were able to choose the time and place and method of attack, while we met aggression by local opposition. The initiative lay with them, and we had to react wherever they chose to prod us. Now the President and the National Security Council have taken the necessary basic policy decisions, based largely on our great capacity to retaliate instantly by means and at places of our own choosing. Our defense establishment can shape our military apparatus to fit our policy, and this means that a selection of military methods is possible, instead of a multiplication of means.

The relationship the United States desires with other free nations is one of mutual respect which will endure. We believe that for durability our voluntary partnership should be based on a coequal status of the partnership. If one nation continues to be a permanent provider for the others, or if it is expected to carry a disproportionate share of the community burden, mutual respect will be destroyed and resentment will grow. We have found that one does not buy friendships, nor do our allies expect our friendship to be bought. Therefore, except as a corollary to military support, the aid programs will be reduced. In their stead we look for greater economic cooperation and increased trade. The Randall Commission, appointed by the President, has recently completed a painstaking study of our foreign trade. The recommendations of this Commission have been submitted to the President and will, in all probability, form the basis for his proposals to the Congress on trade matters.² As the greatest market and the largest producer, the United States has a particular responsibility in this field. If we can manage a sound and economic expansion of our world trade, we will make a substantial contribution not only to our own strength and well-being but to the economic health of our coworkers among the other free nations.

I would point out that the changes arising from this reexamination of policy are more those of emphasis than of basic positions. The deterrent aspect of our security program has always been there, but it was not given the priority it now has. We are still backing the principle of collective security, and we propose to strengthen it.

²For principal recommendations of Commission, see BULLETIN of Feb. 8, 1954, p. 187.

The Problem of a Divided Germany

Our Secretary of State, and his colleagues of Britain and France, are now meeting with the Soviet Union in Berlin in an attempt to bring to an end the Soviet division of Germany. The continued division of that nation is unwarranted and unjust, and we believe that it is time a united, free and democratic Germany was restored to its place in the community of Western Europe.

We are convinced that any practical plan of defense for Western Europe must include provisions for the defense of Western Germany. And we cannot visualize a defense of Western Germany that does not call for the participation of West Germans.

We give our utmost support to a European Defense Community, a project, I might add, which has encountered steady and bitter opposition from the Kremlin. It is obvious, from this bitter opposition, that the Soviet Union has ambitions in Western Europe with which such a defense community will interfere.

Thus far, the Soviet representatives at Berlin have brought forward nothing new. In response to our demand for free elections throughout Germany, Mr. Molotov has proposed a plebiscite. The Soviet representative also urged that the Federal Government at Bonn, which is a freely elected government, and the puppet regime in East Germany be considered as equal for the purposes of treaty negotiation.

No thinking person could take Mr. Molotov's plebiscite proposal seriously. I am inclined to doubt that he expected anyone to do so. It was basically a propaganda maneuver, and it has failed, due to the skilled diplomacy of Secretary Dulles and his Western colleagues. Interestingly, the Soviet behavior at the conference has been more relaxed and less aggressive than any recorded during the period of Stalin's control. While this superficial change is welcome, we have yet to encounter any evidence of a basic modification in Soviet policy. When Molotov says no, his voice is softer. But the answer is still no.

Until there is a change in the substance, as well as the tone of the Soviet response, the real peace we seek remains a hope, and a goal to strive for. Yet I cannot believe that any dictatorship, however ruthless, can forever suppress the human spirit. God will prevail against those who deny him. The captive system can neither match nor stand against the spiritual and the material strength of a free society.

Sooner or later the men of the Kremlin will recognize this, or recognition will be forced upon them by those they have enslaved. Then, we will reap the reward for the sacrifices we have made in the cause of peace.

And at that point, we will realize that peace was well worth the effort.

Foreign Ministers' Discussions Continue

*Following are texts of further statements made by Secretary Dulles during the Foreign Ministers' Conference which opened at Berlin on January 25, together with the texts of Soviet drafts of a general European treaty and an auxiliary proposal regarding Germany:*¹

STATEMENT OF FEBRUARY 5

Press release 58 dated February 8

Since our meeting yesterday, I have read the transcript of Mr. Molotov's remarks and have studied his proposal.² I can still find no encouraging interpretation of what we heard yesterday afternoon.

The basic impression which strikes me is this: Mr. Molotov is afraid of genuinely free elections in the East Zone. He is afraid that the 18 million Germans in the East Zone, if given a chance to speak, would overwhelmingly reject the present imposed regime. Mr. Molotov has good reason to be afraid.

Consequently, the Soviet Foreign Minister has categorically rejected the proposals for genuinely free elections which have been put forward by the Western Powers. In its place he proposes his own blueprint. In the name of peace, he proposes a method for extending the solid Soviet bloc to the Rhine. In the name of what he calls democracy, he has set forth the classic Communist pattern for extinguishing democracy as that word has been understood for 2,000 years.

The cornerstone of the Soviet proposal is the so-called government of the German Democratic Republic. That government was put in office by Soviet power. It was confirmed in office by Soviet power. If it had not been for elements of 22 Soviet divisions, including tanks and armored cars, it would have been forcibly ejected from power by the workers who in their desperation rose up against it last June.³

It is that regime which under the Soviet plan would negotiate on a basis of equality with the government of the German Federal Republic. However, the scales are to be still further weighted

in favor of the Soviet puppet regime, because it is provided by the Soviet plan these initial negotiations shall also involve "wide participation of democratic organizations."

In the Soviet dictionary the words "democratic organizations" have a clear, precise meaning. They mean those front organizations—captive trade unions, youth organizations, women's organizations—which promote the Communist purposes without openly presenting themselves to the people in their true guise.

It is under these auspices that there would be prepared the "all-German electoral law" and the establishment of election conditions.

We can visualize in advance the type of elections upon which the East German regime would insist, because we already know those conditions from its past. I have already told of the election conditions which were established in East Germany where the voters were compelled by armed force and penalties to go to the polls and, when there, were compelled to put in the ballot box a list of names which had been previously prepared for them and which was made public only on election day.

Indeed, the Soviet plan expressly stipulates in Communist language that the election conditions would in fact be what they were in the Soviet Zone. The election must be so conducted as to assure its so-called "democratic" character. It must provide for the participation "of all democratic organizations." It must preclude "pressure upon voters by big monopolies," and it must exclude from voting privilege any organizations which by Soviet standards are of a Fascist or militaristic nature.

If we take the tragic pattern which has spread all over Eastern Europe in the wake of the Red armies, it does not require much wit to see what that means. It means that anyone who dares to express the slightest doubt concerning communism is automatically deemed a Fascist or a militarist or a monopolist.

If this system were to be applied to Western Germany, no organization opposing the Communists or the policies of the Soviet Communists, which are the same thing, would be permitted to take part in the elections.

It would only be the Communist Party and the Communist-front organizations which under Mr. Molotov's plan would participate in the elections.

I have no doubt that the Soviet Foreign Min-

¹ For texts of earlier statements, see BULLETIN of Feb. 8, 1954, p. 179, and Feb. 15, 1954, p. 222.

² *Ibid.*, Feb. 15, 1954, p. 228.

³ For texts of statements regarding East Berlin demonstrations, see *ibid.*, July 6, 1953, p. 8.

ister would protest that his plan does not really involve the sovietization of Western Germany.

I recall that in the October 1939 speech to which I have already referred,⁴ the Soviet Foreign Minister explained that the mutual assistance pacts which he had recently negotiated with Estonia, Latvia, and Lithuania "no way implies any interference on the part of the Soviet Union . . . as some foreign newspapers are trying to make out. . . . we declare that all the nonsensical talk about the sovietization of the Baltic countries is only to the interest of our common enemies and all anti-Soviet provocateurs."

The memory of what happened within a few months to Estonia, Latvia, and Lithuania, and of having seen that same pattern extend to the countries of Eastern Europe by the use of the methods which the Soviet proposal prescribes for Germany, will, I hope, explain some skepticism at the Soviet proposals for restoring freedom to Germany.

Mr. Molotov is too intelligent to believe that the people or government of West Germany would accept his proposals or that the three Western Powers would suggest that they do so. The Western German Bundestag, representing 70 percent of the entire German people, has unanimously refused to accept the East German regime as having any legitimate status or right to speak for the people of East Germany.

STATEMENTS OF FEBRUARY 9

Press release 62 dated February 11

First Statement (after 90-minute speech by Mr. Molotov):

Mr. Chairman, since I have heard nothing new, I have nothing to say.

Second Statement: Mr. Chairman, I think it could be questioned if it were said that we had not discussed the problem of security. I have just dug out before me five speeches which I have made around the table January 26, January 30, February 2, February 3, and February 4, all of which dealt with the problem of security. I think these speeches make clear that it is our concept of security that military establishments should be created on a community basis where force will not be used by the dictation of a single state or of a single person, but only under circumstances which unite several states in the realization of the fact that there is a common peril from aggression. That is our concept of security.

I have expressed it practically every time I have spoken with reference to this point two of the agenda, and I would be glad, if it would serve any useful purpose, to have reproduced the extracts

⁴ For a summary of the speech transmitted to Washington by Laurence A. Steinhardt, U. S. Ambassador at Moscow, see *Foreign Relations of the United States. The Soviet Union, 1933-39*, p. 786.

from these five speeches, in case they have escaped the attention of the Soviet Foreign Minister.

The Soviet Foreign Minister has proposed that Germany should be left a power in the center of Europe, with a limited national force such as was provided for by the Versailles Treaty. The possibility of Germany thus becoming a balance of power in Europe, perhaps playing one side against the other, is not a concept which is acceptable to the United States. And therefore, it seems to me that on this matter also, there is a basic and fundamental difference and nothing that was said suggests to me that it could be reconciled. Therefore, I strongly support the point of view which has been expressed by the Foreign Minister of the United Kingdom, which is that while these problems must be—I think they will be—finally solved, it will not advance us very far if we continue at this particular conference to repeat over and over again what has already been said. We shall have a chance to think over what has been said, but I think it is much more useful to think over what has been said rather than to hear it said time after time.

The Foreign Minister may also recall that in one of my previous interventions I referred to the fact that we have under the United Nations a security system which the United States, at least, does not treat as nonexistent. It provides, article 2, section 4:—"All members shall refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any state, . . ." That applies to the United States and to all of us here.

Article 2, subdivision 6, provides:—"The Organization shall ensure that states which are not members of the United Nations act in accordance with these principles so far as may be necessary for the maintenance of international peace and security." That applies to Germany.

I do not think we should proceed here on the assumption that these solemn agreements, that bear our signatures, are nonexistent. It seems to me that the subject has been dealt with as adequately as we can deal with it here, and I again repeat my endorsement of the point of view expressed by Mr. Eden.

STATEMENT OF FEBRUARY 10

Press release 64 dated February 11

Since Mr. Molotov has been kind enough to say that the United States can be an "observer," I thought it would be in order to make some observations on his plan.⁵

The proposals submitted are in two parts, one of which deals primarily with Germany and the other of which represents the draft of a proposed European treaty on collective security.

The paper with reference to Germany contains

⁵ *Post*, p. 269.

the statement: "That we shall continue our efforts to seek a settlement of the German problem," and that, of course, the United States is disposed to do.

Then the paper in its paragraph 2 goes on to repeat the proposal which has heretofore been made a number of times by the Soviet Union with reference to the withdrawal of so-called occupation forces from East and West Germany.

There is one translating question which I would like to raise. In paragraph 2 (B) there is a reference to putting the occupation forces back in case security in Germany is threatened. The English text reads: ". . . in case the security of either part of Germany is threatened . . ." and I understand the Russian text reads ". . . In case the security in either part of Germany is threatened. . . ." In other words, I interpret that paragraph 2 (B) to relate to internal security, but I would be happy to have confirmation of that point from the Soviet delegation.

Mr. MOLOTOV: I would ask you to be guided by the Russian text.

Mr. DULLES: That confirms my view, then, that the proposal with reference to Germany is substantially the same as heretofore submitted by the Soviet delegation.

It makes it relevant, therefore, only for me to repeat what has been said before by me and others around this table: That the proposal would leave West Germany and consequently much of Western Europe exposed to any threat of external aggression.

A third paragraph of this paper contemplates the calling of another conference, and it is perhaps in order for me in this connection to say what I have said before; namely, that it seems whenever we have a conference which is unable to settle anything, the Soviet Union proposes that we have another conference, and a conference which can only breed other conferences is the best we can do. That is a rather disheartening conclusion.

Draft Implies Replacement of NATO

The second paper is the text of a proposed general European treaty on collective security in Europe. Since the United States would presumably not be a part of that treaty, my observations are not directed primarily to the actual text of the treaty, although there are certain implications in it which do affect the United States. It is perhaps implicit in the draft, although not entirely clear, that it is designed to replace the North Atlantic Treaty. I assume that from the provisions of articles 7 and perhaps 10, and the fact that the Soviet Foreign Minister in introducing his text, made a serious attack upon the North Atlantic Pact "as resembling in many ways the anti-Comintern Pact which led to the unleashing of the Second World War." He went on to say that "there are no reasons to doubt that the

fate of the North Atlantic Pact shall be any better than that of the anti-Comintern Pact."

So, I presume, although the Soviet Foreign Minister can correct me if I am wrong, that his proposed treaty for European collective security would be in reality a replacement of the North Atlantic Treaty.

The United States certainly cannot take offense at the suggestion of the Soviet Foreign Minister that the European countries should get together for their own collective security without the participation of the United States. The United States, I think, has never intruded itself as an unwanted participant in European affairs, and we do not have any intentions of doing so in the future.

The American people have a very deep and legitimate interest in Europe. Most of us derive from Western Europe. We share the culture and traditions and religion of Western Europe, and there are many bonds which tie us very closely together. But we do not feel that on that account we have any right to demand participation in European affairs.

The United States sent its armed forces to Europe in the First World War when the West was threatened by German militarism under the Kaiser. We delayed somewhat in doing so. But at the urgent appeal and desire of the threatened peoples of Western Europe, and because our own interests became involved, we did participate and certainly contributed to the final defeat of the German militarists represented by the Kaiser.

When that war was over, we took our troops home at once. Then the same story was repeated under Hitler in the Second World War, and again, after some delay and when the danger not only to Western Europe but also the Soviet Union was immense, and when we ourselves seemed threatened, we made a gigantic effort of putting troops and supplies in Europe to help to save Europe from the renewed militarism of Germany.

And, after the Second World War we withdrew all our forces from Europe, except a relatively small number who were required for occupation purposes in Germany.

Now, for the third time in this century, we have sent forces back to Europe and again the reason was that there were many in Europe who were afraid and who asked us to do so. That fear is, I imagine, a fear which cannot be allayed by new words and new promises, because the fear was inspired by a country which was already bound by the United Nations Charter not to use force against the territorial integrity or independence of any state. Whether that fear will be allayed by any repetition of that pledge is not for me to decide.

Division of Europe

It has been suggested that our participation in the present defense of West Europe to which I now

refer caused the division of Europe. That is one of these strange reversals of history, the upside-down talks, to which unfortunately we have had to accommodate ourselves. Everyone knows that the division of Europe was created before the action to which I refer and that our action was taken only because of the division of Europe.

It cannot, I think, be forgotten that when the United States proposed the Marshall plan, which involved the contributions of many billions of dollars to the rehabilitation of Europe, that plan was initially made available to all of the European States. It was at that juncture that the Soviet satellites, under the direction of the Soviet Union, were not permitted to share in that plan. Perhaps if that plan had been carried out in its original scope, it would have prevented the division of Europe, or at least mitigated the division of Europe, which unfortunately was intensified by the Soviet action.

The division of Europe, I am afraid, comes from causes which considerably antedate the organization of the North Atlantic Treaty and the proposed European Defense Community. It goes back to the date when the Soviet control initially confined to the Soviet Union itself, was extended to a vast area which now includes one-third of the human race.

I recall the pacts of mutual assistance which the Soviet Union made in 1939 with Estonia, Latvia, and Lithuania which the Soviet Foreign Minister at the time described in language which is almost exactly the same as the second preamble of the proposed new European treaty.

The pacts with Estonia, Latvia, and Lithuania, Mr. Molotov said on October 31, 1939, "strictly stipulate the inviolability of the sovereignty of signatory states and the principle of non-interference in each others affairs."

The second preamble to which I refer speaks of the "respect for the independence and sovereignty of states and non-interference in their internal affairs."

What quickly happened to Estonia, Latvia, and Lithuania has gone on and on and has, I suggest, created the division to which the Soviet Foreign Minister refers. It is a division between those who have been absorbed and the others who do not want to be absorbed.

Whether or not the Soviet proposal of today will obliterate that division in Europe is, as I say, something which is primarily to be considered by other states than the United States.

So far as the United States is concerned, we are determined that we will not be absorbed.

SOVIET PROPOSALS OF FEBRUARY 10

Draft General European Treaty

With a view to safeguarding peace and security and preventing aggression against any state in Europe, with a view to strengthening international cooperation in con-

formity with the principles of respect for the independence and sovereignty of states and of noninterference in their internal affairs.

Seeking to prevent the formation of groups of European states directed against other European states, which gives rise to friction and strained relations among nations, and to achieve concerted action by all European states in safeguarding collective security in Europe,

The states of which guided by the purposes and principles of the United Nations Charter, shall conclude a general European treaty on collective security in Europe containing the following basic provisions:

1. The treaty shall be open to all European states without regard as to their social systems, which recognize the purposes and assume the obligations arising out of the treaty.

Pending the establishment of a united, pacific, democratic German state, the German Democratic Republic and the German Federal Republic can be parties to the treaty enjoying equal rights. It is understood that after the unification of Germany the united German state can become a party to the treaty on the general terms.

The conclusion of the treaty on collective security in Europe shall not impair the jurisdiction of the Four Powers—the USSR, the USA, the United Kingdom and France—in regard to the German problem which is to be settled in the manner previously determined by the Four Powers.

2. The parties to the treaty undertake to refrain from any attacks against one another and also to refrain from having recourse to the threat or the use of force in their international relations and, in accordance with the United Nations Charter, to settle by peaceful means and in such a way as not to endanger international peace and security in Europe any dispute that may arise among themselves.

3. The parties to the treaty shall consult among themselves whenever, in the view of any one of them, there shall arise the danger of an armed attack in Europe against any one or more of the parties to the treaty, in order to take effective steps to remove the danger and to maintain security in Europe.

4. An armed attack in Europe against any one or more of the parties to the treaty by any state or group of states shall be considered an attack against all the parties. In case of such attack, each one of the parties, in the exercise of the right of individual or collective self-defense, shall assist the state or states which had been so attacked by all the means at its disposal, including the use of armed force, for the purpose of re-establishing and maintaining international peace and security in Europe.

5. The parties undertake jointly to discuss and determine at an early date the procedure under which assistance, including military assistance, shall be rendered by the parties to the treaty in case there should arise in Europe a situation requiring a collective effort for the re-establishment and maintenance of peace in Europe.

6. The parties shall immediately send to the Security Council of the United Nations, in conformity with the provisions of the United Nations Charter, information concerning the activities undertaken or in contemplation in the exercise of the right of self-defense or for the purpose of maintaining peace and security in Europe.

7. The parties undertake not to take part in any coalition or alliance or conclude any agreement the purposes of which would contradict the purposes of the treaty on purpose of maintaining peace and security in Europe.

8. For the purpose of holding the consultations among the parties provided for by the treaty and of considering the matters arising out of the problem of safeguarding security in Europe, the following shall be provided for:

(A) The holding of periodical and, whenever required, of special conferences at which each of the states shall be represented by a member of the government or by some other specially designated representative;

(B) The establishment of a permanent consultative political committee whose task shall be the drafting of

appropriate recommendations for the governments of the parties;

(C) The establishment of a military consultative body whose terms of reference shall be determined in due course.

9. Recognizing the special responsibility of the permanent members of the United Nations Security Council for the maintenance of international peace and security, the parties shall invite the Governments of the USA and the Chinese People's Republic to send their representatives to the bodies set up under the treaty, as observers.

10. The present treaty shall not impair in any way the obligations contained in the international treaties and agreements among the European states, the principles and purposes of which are in conformity with the principles and purposes of the present treaty.

11. The duration of the treaty shall be fifty years.

Auxiliary Proposal Regarding Germany

1. The Governments of France, the United Kingdom, the USA and the USSR undertake to continue their efforts to reach a satisfactory settlement of the German problem in accordance with the principle of maintaining peace and national freedom and also to observe the rights of all other European states interested in preventing any state from violating their national interests and security.

2. Pending the conclusion of a peace treaty with Germany and the reunification of Germany along democratic and peaceful lines the following measures shall be carried out:

(A) The occupation forces shall be withdrawn simultaneously from the territory of both Eastern and Western Germany within a period of six months with the exception of limited contingents left to perform protective functions arising out of the control tasks of the four powers; the USSR in regard to Eastern Germany and the USA, the United Kingdom and France in regard to Western Germany.

The strength of such contingents shall be agreed upon by the Governments of the four powers.

(B) The powers which at present are exercising occupation functions in Germany shall have the right to move in their forces in case the security in either part of Germany is threatened: the USSR in regard to Eastern Germany, the USA, the United Kingdom and France in regard to Western Germany.

(C) For the purpose of maintaining internal order and defense of frontiers the German Democratic Republic and the German Federal Republic shall have police units the strength and armaments of which shall be determined by agreement among the four powers.

Inspection groups comprising representatives of the four powers shall be formed in Eastern and Western Germany to supervise the implementation of this agreement.

3. In accordance with the above provisions the implementation of which shall assure the neutralization of Germany and the creation of conditions favorable to the settlement of the German problem in the interests of consolidating peace in Europe, the four powers shall take urgent steps to facilitate the conclusion of a treaty on collective security among the European states which shall provide for appropriate guarantees against aggression and the violation of peace in Europe. To this end the four powers have agreed to take the initiative of convening an appropriate conference of European states.

German Government Furnishes Hospital for Korea

Press release 65 dated February 12

Under the terms of an agreement signed at the Department of State on February 12 a German Red Cross hospital will shortly become part of the

U. N. Command medical complement and join in the humanitarian task of caring for the sick and wounded in war-torn Korea. Acting Secretary Walter Bedell Smith and Ambassador Heinz L. Krekeler, Chargé d'Affaires of the Federal Republic of Germany, signed the agreement providing for the establishment of a hospital whose facilities will be made available for the treatment of civilians and military personnel.

Dr. Konrad Adenauer, Chancellor and Minister of Foreign Affairs of the Federal Republic of Germany, offered the hospital to President Eisenhower in April 1953 during his visit to Washington. The President, acting for the U. S. Government in its capacity as the Unified Command in Korea pursuant to the U. N. resolution of July 7, 1950,¹ accepted the offer of the hospital.

The offer of the hospital unit by the Federal Republic of Germany is gratifying to the U. S. Government. Unfortunately, the Federal Republic of Germany is not a member of the United Nations. Nevertheless, by providing a Red Cross hospital, the Federal Republic of Germany has once again given expression to its belief in and support for the high ideals of the United Nations. This further evidence of solidarity with the objectives and principles of the international organization and with the efforts of the United Nations to rehabilitate Korea brings the German people in a closer bond with the people of the United States and of the free world. The additional medical services of the German Red Cross unit will fill a great and continuing need to restore the health and spirit of thousands of innocent victims of Communist aggression in Korea. The U. S. Government wholeheartedly supports the efforts of the Federal Republic of Germany in this significant humanitarian endeavor.

The hospital staff comprises some 80 civilian doctors, nurses, and technicians recruited in Germany by the German Red Cross, a recognized national aid society of the Federal Republic. Part of the staff has already arrived in Korea, and the full complement, together with hospital unit, is expected to be in Korea by mid-February. The hospital will have an initial capacity of 200 beds; its eventual planned capacity is 400. The supplies, services, and any additional equipment needed for its operation, which it is not feasible for the Federal Republic to provide, will be furnished by the United States. The Federal Republic will reimburse the United States for the cost of the assistance furnished to the hospital.

The text of the agreement follows:

AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE FEDERAL REPUBLIC OF GERMANY CONCERNING ASSISTANCE TO BE RENDERED BY A GERMAN RED CROSS HOSPITAL IN KOREA

Whereas the Government of the United States of America, acting as the Unified Command pursuant to

¹ BULLETIN of July 17, 1950, p. 83.

the United Nations Security Council resolution of July 7, 1950, has designated the Commander of the United Nations forces in Korea (hereinafter referred to as the "Commander");

Whereas the Government of the Federal Republic of Germany desires to lend humanitarian assistance in Korea and therefore proposes the dispatch of a Red Cross hospital (hereinafter referred to as the "Hospital") and its staff of civilian personnel to Korea;

Whereas Article 27 of the Geneva Convention for the Amelioration of the Condition of the Wounded and Sick in Armed Forces in the Field of August 12, 1949 sets out procedures which the two Governments are willing to employ for the accomplishment of the humanitarian proposal of the Federal Republic of Germany;

The Government of the United States of America and the Government of the Federal Republic of Germany have entered into the present agreement:

Article I

1. The German Red Cross in the Federal Republic of Germany as a recognized national aid society shall, on the instructions and with the consent of the Government of the Federal Republic of Germany, furnish a Hospital for use in connection with the United Nations operations in Korea. The Hospital will devote its facilities to the care of civilians to the extent found feasible by the Commander.

2. The Government of the United States of America, acting as the Unified Command, gives its authorization to the rendering of assistance by the Hospital and shall request the Secretary General of the United Nations to give the notification to the adverse Party provided for in the second sentence of paragraph 2, Article 27 of the above-mentioned Geneva Convention.

Article II

1. The Hospital shall be placed under the control of the Commander. Its internal operations, administration, and disciplinary control shall be vested in the Head of the Hospital, subject to all orders, directives, and policies of the Commander. In the event of disagreement with such orders, directives, or policies, they shall be accepted and carried out as given, but formal protest may be presented subsequently.

2. The German personnel of the Hospital shall wear the uniform of the German Red Cross.

Article III

1. The Government of the United States of America shall assist the Hospital in the discharge of its functions.

2. The Government of the United States of America shall furnish the Hospital with available materials, supplies, services, and facilities, including transportation to and from Korea and such local services as are normally supplied by the Commander to like units, which the Hospital requires for its operations and which it is not feasible for the Government of the Federal Republic of Germany to furnish.

3. In protecting and caring for the Hospital, the Commander shall apply the same standards as he applies to like units under his jurisdiction, taking into account its humanitarian mission as a medical unit of a recognized national aid society.

4. The Commander, in so far as possible, will provide for unimpeded communications between the Hospital and the competent German authorities.

Article IV

1. The Government of the United States of America and the Government of the Federal Republic of Germany will maintain accounts of the materials, supplies, services, and facilities furnished by the Government of the United States of America to the Hospital.

2. The Government of the Federal Republic of Germany

shall reimburse the Government of the United States of America in United States dollars, upon the presentation of statements of account by the Government of the United States of America, for such materials, supplies, services, and facilities. Issues of materials and supplies to the Hospital will not operate to transfer title in advance of reimbursement.

3. The Governments of the United States of America and the Federal Republic of Germany shall make technical and administrative arrangements regarding the furnishing of materials, supplies, services, and facilities, and the accounting and reimbursement therefor.

4. Classified, specialized, or scarce items furnished to the Hospital by the Government of the United States of America will be returned upon request, at the termination of the activities of the Hospital under this Agreement, as a credit to the account of the Hospital.

If the Government of the Federal Republic of Germany determines that materials or supplies furnished by the Government of the United States of America are not desired for retention, such materials or supplies may be offered to the Government of the United States of America and, if accepted, their residual value as determined by the Government of the United States of America will be credited to the account of the Hospital.

5. Settlement of obligations for materials, supplies, services, and facilities received by the Hospital from other governments, whether directly or through the Commander, shall be a matter for consideration between the Government of the Federal Republic of Germany and such other governments.

Article V

The requirements of the Hospital for Korean currency will be supplied under arrangements approved by the Commander; provided, however, that settlement of any obligation of the Government of the Federal Republic of Germany for the use of such currency will be a matter for consideration between the Government of the Federal Republic of Germany and the competent authorities of Korea.

Article VI

1. Each of the parties to this Agreement agrees not to assert any claim against the other party for injury or death of its personnel, or for loss, damage, or destruction of its property or property of its personnel caused in Korea by personnel of the other party. For the purposes of this paragraph, personnel of the Government of the Federal Republic of Germany shall be defined as personnel of the Hospital and property of the Government of the Federal Republic of Germany shall include the property of the German Red Cross.

2. Claims of any other government or its nationals against the Government or nationals of the Federal Republic of Germany or vice versa shall be a matter for disposition between the Government of the Federal Republic of Germany and such other government or its nationals.

Article VII

The Government of the United States of America shall render to the Hospital such available assistance as may be necessary in connection with the termination of its activities and its reemployment.

Article VIII

This Agreement shall come into force upon the date of signature thereof, and shall apply to all materials, supplies, services, and facilities furnished or rendered before, on, or after that date, to all claims referred to in Article VI arising before, on, or after that date, and to all technical and administrative arrangements concluded pursuant to Article IV before, on, or after that date.

IN WITNESS WHEREOF, the undersigned, being duly authorized by their respective Governments, have signed this Agreement.

DONE at Washington, this 12th day of February, 1954, in duplicate in the English and German languages, each text being equally authentic.

FOR THE GOVERNMENT OF THE UNITED STATES
OF AMERICA:

WALTER B. SMITH

FOR THE GOVERNMENT OF THE FEDERAL
REPUBLIC OF GERMANY:

HEINZ L. KREKELER

Fifth Anniversary of Exchange Program With West Germany

Press release 44 dated February 2

The arrival in New York of 16 West German government, labor, press, and community leaders on February 4 marks the fifth anniversary of the U.S. Government's Educational Exchange Program with Western Germany under which nearly 11,000 exchanges have taken place. The program is a part of the Department of State's exchange program with 70 countries of the free world whose purpose is to promote a better understanding of the United States in other countries and to increase mutual understanding between the people of the United States and the people of other countries.

The Government-financed exchange program with Germany began with the arrival in this country on February 4, 1949, of seven German Government officials to make a 6-month study of Federal, State, and local governments in this country. Today three of the members of that group occupy important German diplomatic posts abroad, while the other members are in important Federal or state positions. Dr. Heinrich Kuappstein is German consul general in Chicago, Dr. Rolf May is an economic attaché in the German Diplomatic Mission in Washington, and Dr. Horst Pommerening is secretary of Embassy in the German Embassy in New Delhi, India. Dr. Karl Mommer is chairman of the Organization Committee of the West German Parliament and a member of the Consultative Assembly of the Council of Europe in Strasbourg. Miss Anna Beyer is now an official of the Federal Government in Bonn, while Dr. Friedrich Piemann and Dr. Gerhard Mueller hold important positions in the state governments of Bremen and Baden-Württemberg.

The group of Germans arriving in this country on the anniversary date includes two officers of taxpayers' associations in the German States of Hesse and Lower Saxony, four women's affairs secretaries of West German trade unions, an editor of the newspaper *Rheinische Post* in Düsseldorf, the editor of a photography magazine, and a team of eight community leaders from the South German industrial city of Villingen. The Villin-

gen team is the thirty-fifth such community team from Western Germany to visit the United States under this program since early 1951; it will make an intensive study of cooperative civic action programs carried out by the citizens of Waltham, Mass., and Eugene, Oreg.

The program has been extremely well received in Western Germany. A public opinion poll conducted in 1952 indicated that West Germans consider their fellow citizens who have visited this country as by far the most reliable source of information about the United States. On October 10, 1951, the West German Parliament expressed its support for the concept of educational exchange between Germany and the United States and made provision for a program under which each year more than 100 representative Americans have been invited to visit Germany at the expense of the German Government.

French Shippers Study U.S. Freight Handling

American methods of freight handling and transshipping of bulk cargoes between different kinds of carriers are being studied by eight French forwarding agents and shippers, the Foreign Operations Administration announced on January 20.

The study is sponsored by the FOA under its productivity and technical-assistance program. The French National Productivity Committee and the Ministry of Public Works and Transport, joint sponsors of the project with FOA, believe that the study of modern methods of terminal handling and freight transshipment in the United States can contribute to the more efficient distribution of defense materiel, consumer goods, and raw materials in France.

Following their arrival in this country on January 20, the French team is undertaking a 6-week study of the handling and transshipment of freight in terminals, port installations, airports and factory rail sidings, with particular emphasis on bulk items, perishable commodities, munitions, and heavy equipment. Their studies include liaison between railroads and factories, military depots, and other establishments; labor-management relations; warehousing, refrigeration, and fast handling of perishables; methods for expediting customs formalities and for minimizing bulk breaking at points of entry; and customs control procedures with regard to materials imported into the United States for industrial processing.

Through the facilities of the French Transport Coordination Committee, the findings of this study are expected to be used in an organized drive to introduce improved freight-handling techniques at all transshipment points throughout the

French transport system. The team's report will be disseminated by the French National Productivity Committee and is expected to reach all French industrial and commercial firms interested in the efficient shipment of goods at lower cost.

Fifth Anniversary of Mindszenty Imprisonment

White House press release dated February 4

The following letter from President Eisenhower was sent on February 1 to Frederic L. Vorbeck, Executive Chairman, United Catholic Organizations for the Freeing of Cardinal Mindszenty, Richmond Hill, N. Y.:

DEAR MR. VORBECK: I have your telegram of January twenty-third on behalf of the United Catholic Organizations for the Freeing of Cardinal Mindszenty. We in the free world have not forgotten that this is the fifth anniversary of Cardinal Mindszenty's trial and imprisonment by the Communist authorities in Hungary.

The unjust nature of the proceedings against Cardinal Mindszenty is, of course, well known to the American people. They regarded the attack upon him as a blow against religious freedom in Hungary and an unprincipled attempt to destroy spiritual and moral influences in that country.

The Communist assault upon religious liberty and leadership in Hungary has failed, however, to turn the Hungarian people from their faith in God. The plight of Cardinal Mindszenty and of other churchmen who have suffered at the hands of the Communists has not been forgotten. Their situation continues deeply to concern the people of Hungary and to evoke the sympathy of the free world. Despite the constraints of person and silence imposed on Cardinal Mindszenty and other church leaders by their persecutors, the spirit of these men has defied confinement by the totalitarian State. It has become, indeed, a symbol of faith and freedom for our times.

Sincerely,

DWIGHT D. EISENHOWER

Release of John Hvasta

Press release 61 dated February 10

Following is the text of a letter sent by Secretary Dulles to John Hvasta following Mr. Hvasta's release from Czechoslovakia:¹

FEBRUARY 6, 1954

Dear Mr. HVASTA: I was delighted to hear yesterday that you were safely on your way home and

¹For a statement regarding the return of Mr. Hvasta from imprisonment in Czechoslovakia, see BULLETIN of Feb. 15, 1954, p. 251.

want you to know how thankful I am that your long period of suffering has come to an end.

Your case has been followed closely by me and other officers of the Department of State, and it is encouraging to us to know that at long last our efforts in your behalf have borne some fruit. Above all, I hail your own efforts on behalf of your own freedom.

Sincerely yours,

JOHN FOSTER DULLES

President Asks Governors To Visit Korea

White House press release dated February 11

Following is the text of a letter dated February 9 from President Eisenhower to Dan Thornton, Governor of Colorado, who is chairman of the Governors' Conference 1954:

DEAR DAN: Our country, as you know, has an important stake in the fortunes and destiny of the Republic of Korea. Since the cessation of hostilities there last July, we have continued to improve its military position and have also assumed the task of helping to rebuild its war-torn economy. The results of these endeavors will profoundly affect our leadership and prestige in the Far East and indeed throughout the free world.

I am persuaded that a short visit to Korea by a select group of State executives who are constantly in direct touch with the American people would be highly beneficial. Their personal evaluation of our progress would provide the public with the essential knowledge and broad understanding to which it is entitled.

Accordingly, I would be deeply appreciative if you, together with other members of the Executive Committee of the Governors' Conference, could go to Korea on or about April 1 and, upon your return, give an appraisal of the situation there based on first-hand observation. Will you canvass your Committee and advise me which Governors wish to make the trip?

With kind regard,

Sincerely,

DWIGHT D. EISENHOWER

Letters of Credence

Costa Rica

The newly appointed Ambassador of Costa Rica, Antonio A. Facio, presented his credentials to the President on February 9. For the text of the Ambassador's remarks and the text of the President's reply, see Department of State press release 59 of February 9.

The Development of United States Policy in the Near East, South Asia, and Africa During 1953: Part I¹

by Harry N. Howard

I. SOME OLD PROBLEMS IN A NEW SETTING

Basic Problems and Considerations

During the course of the year 1953 the United States continued to be confronted with difficult and complicated problems in the vast area of the Near East, South Asia, and Africa. As in the past, whether directly or within the framework of the United Nations, the problems have ranged from broad and fundamental issues—such as the emergent nationalism of the peoples of this area, with their urge toward self-determination, self-government or independence; the economic development of underdeveloped territories; and questions of mutual security and assistance—to the special problems involved in North Africa, Anglo-Egyptian and Anglo-Iranian differences, the persistent Israeli-Arab controversies, the question of Kashmir, and a host of others. In one way or another, the peoples and states of this part of the world continued to be under pressure from the Soviet Union; the passing of Premier Stalin and the emergence of Premier Malenkov failed to alter the picture in any basic sense, whatever the change in tactics, as indicated in the Malenkov statement of August 8, 1953.

Although President Eisenhower made no specific reference to problems arising from the Near

East, South Asia, and Africa in his inaugural address of January 20, 1953, he did state:²

Conceiving the defense of freedom like freedom itself to be one and indivisible, we hold all continents and peoples in equal regard and honor. We reject any insinuation that one race or another, one people or another, is in any sense inferior or expendable.

There was a similar note in the State of the Union Address of February 2 in which the President declared that "the policy we embrace must be a coherent global policy. The freedom we cherish and defend in Europe and in the Americas is no different from the freedom that is imperiled in Asia."³ Dedicated to the security of the free world, the policy of the United States would "envision all peaceful methods and devices—except breaking faith with our friends." Nor would the United States "acquiesce in the enslavement of any people in order to purchase fancied gain for ourselves."

In his first report to the American people on foreign policy problems, on January 27,⁴ Secretary Dulles touched on the Near East, South Asia, and Africa, pointing out the great strategic and economic significance of the area and the troublesome issues which had come to the American doorstep and laying stress on the Soviet and Communist threat.

There were other indications of the American concern, especially with the basic problems in the Near and Middle East. When Prince Faisal, the Foreign Minister of Saudi Arabia, called on President Eisenhower on March 2,⁵ the President not

¹For background see Harry N. Howard, "The Development of United States Policy in the Near East, 1945-1951," BULLETIN of Nov. 19, 1951, p. 809, and Nov. 26, 1951, p. 839 (also available as Department of State publication 4446), and "The Development of United States Policy in the Near East, South Asia, and Africa, 1951-1952," BULLETIN of Dec. 8, 1952, p. 891, and Dec. 15, 1952, p. 936 (also available as Department of State publication 4851); Henry A. Byroade, "U. S. Foreign Policy in the Middle East," BULLETIN of Dec. 15, 1952, p. 931. For a convenient review of various problems in the U. N. Security Council, see U. N. doc. S/3 175, Feb. 8, 1954.

²BULLETIN of Feb. 2, 1953, p. 169.

³*Ibid.*, Feb. 9, 1953, p. 207.

⁴*Ibid.*, p. 212.

⁵*Ibid.*, Mar. 23, 1953, p. 440. Prince Faisal called on Secretary Dulles on the same day for a discussion of problems of mutual interest.

only expressed his "great pleasure at having the opportunity of receiving so distinguished a representative of a country with which the United States enjoys especially close relations," but expressed "his concern over some evidence that there had lately occurred a deterioration in relations between the Arab nations and the United States." He added that "it would be his firm purpose to seek to restore the spirit of confidence and trust which had previously characterized these relations and he hoped that the Arab leaders would be inspired by the same purpose." President Eisenhower alluded to "the many strong educational and cultural ties" between the Arab world and the United States and was confident that this was "a foundation of good will on which to build during the coming years to mutual advantage." The President also stressed his personal interest "in the welfare and progress of Saudi Arabia and the other States in the Near East."

Visit of Secretary Dulles

President Eisenhower was, indeed, "keenly aware of the importance of the Near East and South Asia." On March 9, Secretary Dulles announced that the President had asked him to go personally to the Near East and South Asia "to show our friendship for the Governments and peoples of these areas," and to obtain firsthand impressions of their problems. It was the first visit ever paid to the area by a Secretary of State. Accompanied by Mutual Security Director Harold E. Stassen, Assistant Secretary of State Henry A. Byroade, and others, Secretary Dulles visited Egypt, Israel, Jordan, Syria, Lebanon, Iraq, Saudi Arabia, Pakistan, India, Turkey, Greece, and Libya between May 9 and May 29.⁶

Mr. Dulles reported on his journey to the nation on June 1⁷ and declared it "high time that the United States Government paid more attention to the Near East and South Asia," indicating that the situation in that area of the world called for "urgent concern." The Secretary had arrived at a number of conclusions. He noted, in the first instance, that most of the peoples of this area were "deeply concerned about political independence for themselves and others." They were suspicious not only of the "colonial powers" but also of the United States because, it was thought, membership of the United States in NATO required it "to preserve or restore the old colonial interests of our allies." Mr. Dulles was convinced that American policy had become "unnecessarily ambiguous" in this matter, and he stressed that the Western Powers could "gain, rather than lose, from an orderly development of self-government."

Secondly, Mr. Dulles noted the popular demand for better standards of living, a demand which could no longer be ignored. He believed that the United States could usefully help in finding a solution of this problem "by contributing advanced technical knowledge about transport, communication, fertilization, and use of water for irrigation" under the Mutual Security Program.

Thirdly, Mr. Dulles believed "that the United States should seek to allay the deep resentment against it that has resulted from the creation of Israel." The Arab peoples, he said, were "afraid that the United States will back the new State of Israel in aggressive expansion"; they were "more fearful of Zionism than of communism." Israel, on the other hand, was fearful lest ultimately the Arabs might try to push it into the Mediterranean Sea.

In this connection, the Secretary made it clear that the United States still stood by the Tripartite Declaration of May 25, 1950, as to violations of frontiers or armistice lines. He also said that the leaders in Israel themselves "agreed with us that United States policies should be impartial so as to win not only the respect and regard of the Israeli but also of the Arab peoples," and that the United States would seek such policies. There was need for peace in the Middle East, achievement of which would require concessions on the part of both Israel and the Arab States, and the Secretary declared that the United States would not "hesitate by every appropriate means to use its influence to promote a step-by-step reduction of tension in the area and the conclusion of ultimate peace." On the other hand, he was now convinced that the establishment of a Middle East Defense Organization was a matter for the future, not an immediate possibility.

Basic Problems in the United Nations

As had been the case in previous years, the new Secretary-General of the United Nations, Dag Hammarskjöld, in his annual report on the work of the United Nations, made general reference to problems arising from areas like the Near East, South Asia, and Africa. Among other things, for example, he declared:⁸

The efforts of the governments to control and moderate those conflicts that constitute an immediate danger to world peace—and above all the "East-West" conflict—must command first attention in day-to-day decisions. However, side by side with those conflicts, or underlying them, two fundamental trends in human society are apparent which must determine the long-term direction of our efforts. One of the trends is directed towards wider social justice and equality for individuals. The other is directed towards equality and justice between nations, politically but also in the economic and social sense.

⁶ *Ibid.*, Mar. 23, 1953, p. 431; Apr. 27, 1953, p. 605; May 18, 1953, p. 707.

⁷ *Ibid.*, June 15, 1953, p. 831.

⁸ U.N. doc. A/2404. xi. xii.

There is the further general recognition of the vital importance, for sound development of the world community, of orderly progress of the nations towards a state of full economic development, self-government and independence. And, finally, international co-operation is recognized as an essential instrument for a guided development towards greater social justice within the nations.

. . . There is a tendency to regard social justice and equality of political and economic rights among nations—or what may be called international equality—as being, on the whole, technical and special problems subordinated to the more urgent one of collective security. This attitude is understandable and correct, but only in a short-term perspective. International equality and justice are prerequisites of the domestic social development of all the peoples of the world and, together, they are the decisive factors if we are to build a world of peace and freedom. No system of collective security can be built with sufficient strength unless the underlying pressures are reduced—and those pressures can be mastered only to the extent that we succeed in meeting the demands for international justice or internal social justice.

The Secretary-General added that “the efforts of the United Nations to assist under-developed countries and its efforts to promote the observance of human rights should be recognized as contributions to world peace which are just as basic as its efforts in the field of collective security.”

II. SOME SPECIAL PROBLEMS.

The Greek Problem

The United States was no longer confronted with significant Greek political questions in the General Assembly of the United Nations. Even that of the Greek children, which had been discussed in the spring of 1953, did not arise in the old forms.⁹

In his remarks before the General Assembly on September 21, Ambassador Alexis Kyrou, head of the Greek delegation, touched on the Soviet “peace offensive” and noted the persistent refusal of the Soviet satellites to cooperate with the International Red Cross in the repatriation either of the Greek children or of other Greek nationals. His comments on the problem of Cyprus were also of interest: after reviewing the history of the problem, Mr. Kyrou said:¹⁰

My Government . . . does not at this moment contemplate bringing the matter before this Organization, since it is convinced that the close relations that, so happily, exist between Greece and the United Kingdom make it incumbent upon us not to underestimate either the resources of diplomacy or the political foresight of our

⁹ For details see H. N. Howard, “Greek questions in the Seventh Session of the General Assembly”, *BULLETIN* of Aug. 24, 1953, p. 252; Aug. 31, 1953, p. 293. At the Eighth Session only \$5,000 was set aside for the expenses of the International Committee of the Red Cross and the League of Red Cross Societies in connection with the problem (U.N. doc. A/C.5/553). As part of the Soviet peace offensive, the Hungarian Red Cross announced on Oct. 6 that it was prepared to repatriate 600 Greek children to Greece.

¹⁰ U.N. doc. A/PV. 439, pp. 65-71, especially paragraph 18.

British friends. My Government definitely prefers the method of friendly bilateral discussion, since that is warranted by the very nature of our long-standing cordial relations with the United Kingdom and by the felicitous identity of purpose which has always animated the peoples of the two countries. It is our ardent hope that these views are shared by our friends in the United Kingdom and that they, also, consider the task that lies ahead as a worthy object on which to exert their statesmanship. The door will always be open for us to go before a judge, if the ordinary processes of friendly conversations prove to be of no avail.

The changed situation with respect to Greece was underlined on February 28, 1953, when Greece, Turkey, and Yugoslavia signed a Tripartite Pact providing, among other things, for political and military consultation, economic, technical, and cultural collaboration, and pacific settlement of any disputes in accordance with the United Nations Charter. The Soviet “peace offensive” did not seriously impress the members of the new Balkan Entente, despite the later exchanges of ambassadors between Greece and Yugoslavia, on the one hand, and the Soviet Union, on the other. As King Paul of Greece indicated during the visit which he and Queen Frederika made to the United States in October-December 1953, Greece was determined “that the unity of purpose and understanding that we are forming in Eastern Europe” should not be “exclusive” but should “become a message of hope and daring possibility to some of our neighbors.”¹¹

Early in November the three nations established a permanent secretariat to deal with matters of common interest, and on November 20 it was announced that agreement had been achieved among the respective general staffs “on all questions related to the common defense of the three friendly countries in the event of aggression.” The United States, of course, welcomed the Entente between its two NATO allies, Greece and Turkey, and Yugoslavia, as a contribution to international peace and security both in Southeastern Europe and in the Eastern Mediterranean.

Meanwhile, partly on the basis of the Soviet “peace offensive,” Bulgaria on June 22 substantially accepted the standing Greek proposal that a mixed commission consider Bulgarian-Greek frontier difficulties.¹² A meeting was held on July 10, and by September 17, the dispute with respect to the disputed islets of Alpha, Beta and Gamma in the Evros River appeared to be on the road toward settlement. Arrangements were made for discussions of the resumption of diplomatic relations between Greece and Bulgaria, following a conciliatory statement by Bulgarian Premier Chervenkov on September 8 and the reply

¹¹ For text of King Paul's remarks of Oct. 29, 1953, see *BULLETIN* of Nov. 16, 1953, p. 671. King Paul also addressed a special plenary session of the General Assembly on Nov. 3, 1953.

¹² The Albanian Government proposed a mixed commission in a communication of November 12 to the Secretary-General of the United Nations. Like Bulgaria, it had rejected similar proposals in 1949.

of the Greek Government on September 21. The situation along the northern frontiers had become normalized to such an extent that, on November 26, Ambassador Kyrrou requested the Secretary-General of the United Nations to consider reducing the number of United Nations observers in Greece from six to three and to continue their services through July 31, 1954; the budget requirement was estimated at \$49,000.¹³

On October 12 the United States and Greece signed an agreement providing for joint use of Greek air and naval bases within the framework of the North Atlantic Treaty.¹⁴ Two weeks later, on October 26, the Soviet Union protested to the Greek Government, charging it with participation in the alleged NATO plans for the preparation "of a new war" by making Greece "a foreign military base, contrary to the interests of maintaining peace and international security." The Soviet Government therefore, could not—

but draw the attention of the Greek Government to the fact that the conversion of the territory of Greece into a base for the armed forces of the aggressive North Atlantic Bloc creates a threat to peace and security in the Balkans, and the Greek Government thereby assumes grave responsibility for this step leading to an aggravation of the international situation.

The Bulgarian Government filed a similar protest on October 29, and the Albanian Government sent one to the Secretary-General of the United Nations on October 31. The Greek Government replied to the Soviet note on November 12 indicating that the Soviet position was quite unfounded, since the agreement with the United States did not change the situation in the Balkan region and was merely a supplement to the North Atlantic Treaty, which was based on the principles of collective security enshrined in the charter of the United Nations. The Greek note also stated that Greece, which was devoted to the ideal of peace and international cooperation, had learned through experience that constant vigilance was imperative and did not permit any slackening of defensive measures.

The Problem of the Turkish Straits in 1953

During his visit to Turkey on May 25–26, 1953, Secretary Dulles noted that the United States considered Turkey one of its "staunchest allies" and appreciated "the share of the Turkish people in measures to defend their great democracy." The American Congress and people, he said, were aware of Turkish efforts "to strengthen a free and independent Middle East," and admired the "heroic performance" of the Turkish Brigade in Korea. Turkish membership in NATO, like that of Greece, was welcomed, and the United States was

¹³ U. N. docs. A/CN. 7/SC. 1/52 and A/C. 5/570; see the Seventh Periodic Report of the United Nations Military Observers in Greece, dated Oct. 1, 1953 (U.N. doc. A/CN. 7/SC. 1/51).

¹⁴ For text see BULLETIN of Dec. 21, 1953, p. 863.

"happy to have this association with a nation which has the courage and discipline required to strengthen our common cause and act as a bulwark in the defense against communism."

The problem of the Turkish Straits, which had been dormant since the end of the "great debate" of October 1946,¹⁵ was raised once more with the Turkish Government by the Soviet Union on May 30, although there was nothing essentially new in the Soviet proposals. It was only a few days after the visit of Secretary Dulles that Foreign Minister Molotov handed the Turkish Ambassador in Moscow a formal communication concerning the Straits, indicating that the Soviet Government had been considering its relations with neighboring states and, among other matters, the status of Soviet-Turkish relations.

The Soviet note referred to the denunciation of the Soviet-Turkish treaty of December 17, 1925, and to the ensuing discussions, during which, on June 7, 1945, as a price for a new treaty of "friendship" similar to those being made with the states of Eastern and Southeastern Europe, the Soviet Union had asked for retrocession of the Kars-Ardahan district in eastern Anatolia. The note also pointed out that at that time the Soviet Union, in the interest of the "elimination of any threat to the security of the Soviet Union which might come from the direction of the Straits of the Bosphorus" had raised the problem of the Turkish Straits. The demands at the time had included (1) bases in the Straits, (2) the elaboration of a new convention of the Straits by the Black Sea Powers and (3) joint defense of the Straits by Turkey and the Soviet Union.

The Soviet Government now felt, however, that the Turkish Government had "been unduly grieved" in these matters, with consequent deleterious effects on Soviet-Turkish relations.¹⁶ As the Soviet note went on to say, the Armenian and Georgian S.S.R.s in the interests of preserving good neighborly relations and strengthening peace and security in the region, had now found it possible to renounce their claims on Turkish territory. Moreover, the Soviet Government had reviewed its policy as to the problem of the Turkish Straits and "deemed it possible to ensure the security of the Soviet Union in the area of the Straits under conditions which would be equally acceptable both to the Soviet Union and to Turkey." Consequently the Soviet Union now had "no territorial claims against Turkey."

The Turkish Government did not reply to the Soviet note until July 18, since it desired to give appropriate study to the problem. After repeat-

¹⁵ For background see H. N. Howard, *The Problem of the Turkish Straits*, Department of State publication 2752, pp. 36–45, 47–68.

¹⁶ The Soviet position in 1945–46 bore a close resemblance to that taken in the Hitler-Ribbentrop-Molotov discussions of Nov. 12–13, 1940; see H. N. Howard, "Germany, the Soviet Union and Turkey during World War II," BULLETIN of July 18, 1948, p. 63.

ing the text of the Soviet note, the Turkish reply acknowledged

with satisfaction the statement in which the USSR Government states that the USSR has no territorial claims on Turkey. The Turkish Government states that the interest in preserving good neighborly relations and strengthening peace and security to which the above statement refers, fully corresponds with interests which always have been shown and will continue to be shown by Turkey. The Turkish Government considers it necessary to underline, in connection with the above, that the question of the Black Sea Straits, as is known to the Soviet Government, is regulated by the provisions of the Montreux Convention.

Two days later on July 20, the Soviet Government presented another note on the Straits to Ambassador Hozar in order, evidently, to keep the subject alive. The new note had a special bearing on Turkish-American and Anglo-Turkish relations:¹⁷

The Turkish Ministry of Foreign Affairs has informed the Soviet Embassy in Ankara that between July 22-27, United States naval units, consisting of ten ships, including two cruisers, three destroyers, four minesweepers, and one landing craft, will visit the port of Istanbul.

Following this the Turkish Ministry of Foreign Affairs informed the Soviet Embassy that between July 27 and August 3, British naval vessels, consisting of 22 units, including three cruisers, four destroyers, six minesweepers and four landing vessels will visit the port of Istanbul.

In connection with this report of the Turkish Ministry of Foreign Affairs one cannot but draw attention to the fact that recently entry into ports in the Black Sea Straits by units of foreign navies, including large naval vessels, has become more frequent, and that the above-mentioned visits to the port of Istanbul by 10 American naval vessels and 22 British naval vessels can be considered as a kind of military demonstration.

The Soviet Government, therefore, hoped "to receive additional information" from Turkey with regard to the visit of these warships to Istanbul.

The Turkish Government replied to the Soviet note on July 24, merely stating that, under articles 14 and 17 of the Montreux Convention, there was full freedom for courtesy visits of warships, both as to tonnage and composition, and that it was "impossible to interpret the frequency of these visits as anything other than an auspicious manifestation of the bonds of friendship that exist between Turkey and the states whose naval units are invited to make the visits in question." This being the situation, and in view of the fact that, in accordance with the Montreux Convention, the Soviet Union had been notified of the visits, the Turkish Government was "astonished" that the Soviet Government had "found it necessary to request supplementary information of a nature that could be construed to be a sort of interference in a matter which international custom leaves to the discretion of the states concerned."

¹⁷ Under article 17 of the Montreux Convention a naval force of any tonnage or composition may pay a courtesy visit of limited duration to a port in the Straits at the invitation of the Turkish Government, but must leave by the same route by which it entered, unless it fulfills the conditions for passage laid down in articles 10, 14, and 18.

On July 31 the Soviet Government presented another note to Turkey, reiterating its communication of July 20 and reviewing the Turkish reply. In addition, the Soviet Government summarized the data as to the visits of foreign warships in the Straits since 1945, as follows:¹⁸

1950-----	33 warships, 197,000 tons displacement
1951-----	49 warships, 378,800 tons displacement
1952-----	69 warships, 587,727 tons displacement

During the first seven months of 1953, it was stated, sixty warships, of more than 300,000 tons, had visited in the region of the Straits. Thus, the Soviet Government indicated that in recent years the visits of "large formations of foreign warships to the Black Sea Straits" had considerably increased. These visits had reached such a high level that the Soviet Government felt its request for additional information from the Turkish Government could not be regarded as "unusual or unexpected." But the Turkish Government, in view of its July 24 note, did not consider a reply necessary.

Premier Malenkov's address before the Supreme Soviet of the Soviet Union on August 8 which touched, among other things, on problems of the Near and Middle East generally and on Soviet-Turkish relations in particular, is of interest in the light of the Soviet-Turkish exchange with respect to the Straits and of the Soviet "peace offensive." Premier Malenkov said:

In everybody's memory is the statement made by the Soviet Government to the Government of Turkey. This statement establishes essential prerequisites for the development of good-neighborly relations if, of course, the Turkish side is to show in its turn due efforts in this direction. The improvement of relations between Turkey and the Soviet Union would undoubtedly serve the interests of both sides and make an important contribution to the strengthening of security in the Black Sea area.

Premier Malenkov also noted the Soviet initiative in proposing the exchange of envoys, "after a long interval," with Yugoslavia and Greece, and expressed the hope that this would "lead to appropriate normalization of relations with both countries" and "produce useful results."

The Turkish Government, however, sensed that behind the Soviet moves was a desire to weaken the North Atlantic Treaty Organization and, in effect, to isolate the United States from its allies.¹⁹

¹⁸ For detailed figures concerning both commercial and war vessels see République Turque. Ministère des Affaires Étrangères. *Rapports Annuels sur le Mouvement des Navires à Travers les Détroits, 1946, ff.*

¹⁹ It is worthy of note that, in his address of September 21 in the U. N. General Assembly, Mr. Vyshinsky repeated all the familiar charges against "the aggressive North Atlantic bloc," and then stated: "The whole course of its policy from its earliest days proves that the Soviet Union seeks to strengthen good-neighbourly relations with other countries and that it has no territorial claims on any State, including its neighbors" (U. N. doc. A/PV.438, pp. 51-61, especially paragraph 25).

Turkey was elected to the Security Council on October 5, to succeed Greece.

On October 20 the American-constructed naval supply and repair base at the Mediterranean port of Iskenderon (Alexandretta), which had been constructed with funds from the Mutual Security Agency, was turned over to the Turkish Government. As President Bayar, of Turkey, who was to visit the United States in January 1954,²⁰ told the Grand National Assembly on November 1, 1953, Turkey was "working earnestly to make the North Atlantic Treaty Organization more effective," and hoped that the United Nations would be "freed from the obstacles which presently impede it." He added that "the close and cordial relations between Turkey and the United States" grew "stronger with each day that passes." Turkey was receiving "valuable aid from this powerful country, and great understanding in every field."

The Problem of Iran

The United States was also concerned during 1953 with the problems of Iran, involving (1) the country's difficult economic and financial position, (2) the normalization of Anglo-Iranian relations, following the break in October 1952, and (3) the oil controversy.

Even before President Eisenhower's inauguration, Prime Minister Mossadegh wrote to him, on January 9, 1953, asserting that, despite its friendship for Iran, the United States had pursued what appeared "to be a policy of supporting the British Government" and the Anglo-Iranian Oil Company. U. S. assistance had been given to the United Kingdom but withheld from Iran, and it seemed that the United States had given "at least some degree of support to the endeavors of the British to strangle Iran with a financial and economic blockade." Dr. Mossadegh then summarized the familiar Iranian position in the oil controversy and expressed the hope that the new administration would "give most careful consideration to the Iranian case so that Iran would be able to attain its just aspirations in a manner which will strengthen the cause of world peace and will renew confidence in the determination of the United States to support with all its power and prestige the principles of the charter of the United Nations." President-Elect Eisenhower responded the next day, indicating that his own impartiality had not been compromised in any way and that he hoped Iranian-American relations would not only be "completely free of any suspicion" but "characterized by confidence and trust inspired by frankness and friendliness."

Dr. Mossadegh communicated with President Eisenhower again on May 28, once more expressing his views on the controversy with the United Kingdom, and complaining that no change seemed "thus

²⁰ For text of his address to Congress, see BULLETIN of Feb. 15, 1954, p. 247.

far to have taken place in the position of the American Government." Among other things, he recalled that the Iranian Government had been prepared to pay compensation to the Anglo-Iranian Oil Company for its properties in Iran, in such amount as might be determined by the International Court of Justice, although he also noted that Iran had certain claims against the Company. The Prime Minister added that, as a result of actions taken both by the United Kingdom and by the Company, Iran was "now facing great economic and political difficulties," and declared that if the situation continued there might be serious consequences. Although Iran was grateful for American assistance, it had not been sufficient to solve Iranian problems and insure world peace, "which is the aim and ideal of the noble people and of the Government of the United States."

President Eisenhower, who replied on June 29, reiterated American friendship for Iran and expressed his hope that Iran would be able to maintain its independence and that the Iranian people would be "successful in realizing their national aspirations and in developing a contented and free nation which will contribute to world prosperity and peace." It was essentially because of that hope that the United States had made earnest efforts to assist in eliminating the Anglo-Iranian differences which had developed in the oil controversy. But the failure of Iran and the United Kingdom to reach agreement as to compensation had handicapped the United States in its efforts to help Iran. As President Eisenhower stated, there was—

a strong feeling in the United States, even among American citizens most sympathetic to Iran and friendly to the Iranian people, that it would not be fair to the American taxpayers for the United States Government to extend any considerable amount of economic aid to Iran so long as Iran could have access to funds derived from the sale of its oil and oil products if a reasonable agreement were reached with regard to compensation whereby the large-scale marketing of Iranian oil would be resumed. Similarly, many American citizens would be deeply opposed to the purchase by the United States Government of Iranian oil in the absence of an oil settlement.

The President also indicated that there was considerable American sentiment to the effect that mere compensation for losses of the physical assets of a firm which had been nationalized would not constitute a "reasonable settlement." Many believed that "the most practicable and the fairest means of settling the question of compensation" would be to refer it "to some neutral international body which could consider on the basis of merit all claims and counter-claims." The President was not attempting to advise the Iranian Government as to its best interests but was trying to explain why the United States was not "in a position to extend more aid to Iran or to purchase Iranian oil." But if Iran so desired, the United States hoped to be able "to continue to extend technical

assistance and military aid on a basis comparable to that given during the past year." and the President hoped that the Iranian Government would take such steps as were in its power "to prevent a further deterioration" of the dangerous situation in Iran.²¹

The situation did, in fact, become worse, and on July 28 Secretary Dulles indicated that the growing activities of the illegal Communist (Tudeh) Party in Iran, and their toleration by the Government, had caused the United States "great concern." These developments, he said, made it "more difficult for the United States to grant assistance to Iran."²² Dramatic events took place within a few weeks. The period of August 15-22 witnessed the Shah's decision to dismiss Dr. Mossadegh and appoint General Fazlollah Zahedi as Prime Minister; Mossadegh's coup d'état to counter this move; and the Shah's flight and triumphant return on August 22, after popular demonstrations and action by loyal troops established Zahedi in power and led to the arrest and subsequent trial of Mossadegh.

Prime Minister Zahedi appealed to President Eisenhower for assistance on August 26. After expressing gratitude for the assistance which the United States was already extending to his country, he pointed out that the treasury was empty, foreign exchange exhausted, and the national economy deteriorating. General Zahedi declared the intention of his Government not only to strengthen Iran internally but also to improve its international position. President Eisenhower on August 27 felicitated the Shah and expressed "continuing good wishes" for every success in his efforts to "promote the prosperity of your people and to preserve the independence of Iran." In a letter to General Zahedi, the President advised the Prime Minister of the continued American interest in the independence of Iran and the welfare of its people, noting that he had authorized U. S. Ambassador Loy Henderson to consult with regard to American aid programs in Iran. On September 1, Ambassador Henderson informed the Iranian Government that the United States was prepared to make available \$23,400,000 for technical and economic aid during the current fiscal year, and General Zahedi promised that Iran would "expedite the fulfillment of programs designed to advance the welfare of the people of Iran."²³

A few days later, on September 5, President Eisenhower made available \$45 million on an emergency basis, to be used for immediate economic assistance to Iran, in addition to existing American technical assistance and military pro-

grams in Iran. According to the White House announcement:²⁴

There is great need for immediate assistance to restore a measure of stability and establish a foundation for greater economic development and improvement in the living standards for all of the people of Iran. It is hoped that, with our assistance, there will be an increase in the internal stability of Iran which will allow the development of a healthy economy to which an early effective use of Iran's rich resources will contribute.

But it was also evident that Iran's economy, which depended to a large extent on the rehabilitation of the oil industry, had to be put in order. At the request of Secretary Dulles, Herbert Hoover, Jr., who had recently been appointed an adviser to the Secretary on worldwide petroleum affairs, left for Iran on October 15 to study the country's oil problems, in the interest of facilitating a solution of the Anglo-Iranian oil controversy.²⁵

When Secretary Dulles, on October 22, welcomed Nazrollah Entezam, who had been once more designated as the Ambassador of Iran to the United States, he noted that, under the leadership of the Shah and Premier Zahedi, Iran was²⁶—

recovering from the effects of the recent Communist-abetted disorders and is striving to overcome serious economic dislocations which have come about during the past 2 years. The United States, as a means of helping Iran carry out urgent measures to stabilize her economy, has extended \$45 million in emergency aid, in addition to that previously granted under the technical-cooperation program.

These measures constituted concrete evidence of American concern and friendship for Iran and of the desire of the United States that "Iran prosper as an independent country and a respected member of the family of free nations."

Meanwhile, the United Kingdom and Iran since October had been moving toward resuming diplomatic relations, and by December 5 the resumption of relations was in process. It was also indicated that negotiations would soon begin, with a view to reaching a solution of "the differences concerning oil which had recently caused the darkening of relations between them, and thus restore and strengthen their old friendship." In his address to the House of Commons on December 17, Prime Minister Churchill declared that "old friends" like Iran and the United Kingdom sometimes had "estrangements," but that it was "not right that these should last any longer than need be."

The Anglo-Egyptian Controversy

The United States, as in the recent past, was concerned with issues pertaining to Egypt during

²¹ For texts of these exchanges, see *ibid.*, July 20, 1953, p. 74.

²² *Ibid.*, Aug. 10, 1953, p. 178.

²³ For texts of these exchanges, see *ibid.*, of Sept. 14, 1953, p. 349 ff.

²⁴ *Ibid.*, p. 350.

²⁵ *Ibid.*, Oct. 26, 1953, p. 553.

²⁶ *Ibid.*, Nov. 2, 1953, p. 590.

1953, particularly with the problems involving the Anglo-Egyptian Sudan and the Suez Base. Secretary Dulles, in his survey of the problems of foreign policy on January 27, made particular note of the importance of the Suez Canal as a seaway "which made it possible for Europe to be in communication with Asia" and referred to the difficulties between the United Kingdom and Egypt concerning its control and defense.²⁷

After long negotiations, the United Kingdom and Egypt, on February 12, 1953, reached an agreement concerning self-determination and self-government for the Sudan.²⁸ The agreement provided: (1) an early election for an all-Sudanese Parliament, supervised by a Mixed Electoral Commission composed of seven members (three Sudanese, one British, one Egyptian, one American, and, as Chairman, an Indian); (2) a transitional period of full self-government of not more than 3 years, in order to enable the Sudanese people to exercise their self-determination in a free and neutral atmosphere; (3) a special committee to complete the "Sudanization" of the Administration, the Police, the Sudan Defense Force, etc., within the three-year period; (4) election of a Constituent Assembly to decide the future status of the Sudan and to prepare a constitution; (5) a decision on the future of the Sudan (a) by the Constituent Assembly choosing to link the Sudan with Egypt in any form or (b) by the Constituent Assembly choosing complete independence.

Secretary Dulles congratulated Foreign Secretary Eden and Foreign Minister Mahmoud Fawzi on February 14 concerning the agreement as to the Sudan.²⁹ He believed that the settlement was one which the British, the Egyptian and the Sudanese peoples could view "with equal satisfaction as appropriate to their respective interests, and as providing a solid foundation for friendly, mutually beneficial future relationships." Moreover, the Secretary thought the accord might well be "the first step toward the establishment of more fruitful associations in an area of critical

importance to the security of the free world." In Mr. Dulles' view, the resolution of this difficult problem went far toward creating "an atmosphere of mutual understanding and trust in the Near East" which could "only result in great benefits for all the nations of the free world."

Foreign Secretary Eden declared on February 17 that "complete independence" included the right of the Sudanese to choose any form of association with any other state "on achieving self-determination." It may be noted that the elections, which were held in November 1953, gave a majority in the bicameral Sudanese Parliament to the pro-Egyptian National Unionist Party.

No solution was reached, however, in the Suez Base negotiations, which were renewed in April 1953, although the area of controversy appeared to be narrowed by the end of the year. Prime Minister Churchill, in a statement in the House of Commons on December 17, noted that formal negotiations with Egypt had ceased, although informal discussions had not. Among other things, he said:

Naturally, we do not wish to keep indefinitely 80,000 men, at a cost of perhaps over £50,000,000 [\$140,000,000] a year, discharging a duty which has largely fallen on us and us alone of safeguarding the interests of the free nations in the Middle East and preserving the international waterway, the Suez Canal. . . .

We remain convinced that it is in our interest, military and financial, to procure the redeployment of our forces in North Africa and the Middle East.

Our action will be based on a careful study of the merits of the problem and the solution will not be dictated either by the violence of our foreign enemies or the pressure of some of our best friends.

Meanwhile, on July 23, the first anniversary of Egypt's Liberation Day, President Eisenhower sent a message to President Naguib, in which he expressed the view that Egypt now had "the opportunity of fulfilling its destiny of strengthening the peace and stability of the Middle East and thereby contributing to the welfare of mankind."³⁰

• *Mr. Howard, author of the above article, is United Nations Adviser for the Bureau of Near Eastern, South Asian, and African Affairs. Part II of his article, dealing with Palestine, North Africa, and Kashmir, will appear in a subsequent issue of the Bulletin.*

³⁰ *Ibid.*, Aug. 10, 1953, p. 178.

²⁷ *Ibid.*, Feb. 9, 1953, p. 214.

²⁸ For text, see British Information Service, *The Sudan, 1899-1953* (I. D. 1179, New York, 1953), 54-57.

²⁹ BULLETIN of Feb. 23, 1953, p. 305. Warwick Perkins was designated to serve as the U.S. representative on the Mixed Electoral Commission for the Anglo-Egyptian Sudan and departed for his post on Mar. 19, 1953 (*ibid.*, Apr. 6, 1953, p. 493).

Mission to the Middle East

by *Eric Johnston*

*Special Representative of the President*¹

I am most appreciative of the opportunity of talking to you about an undertaking of the utmost importance to the people and the nations of the Middle East. Since last October I have been engaged in this undertaking as the representative of the President of the United States. In a very literal sense, I am a man with a mission; and it is that mission which I would like to explain and discuss with you fellow-friends of the Middle East.

In this forum, I know there is no need to dwell on the background of affairs against which the aims of my mission must be viewed and evaluated. All of you know the recent history of the region; all of you are cognizant of the tensions and conflicts which have produced instability and uncertainty in the area; and all of you believe, I am sure, that economic and social progress for the peoples of the region will be neither swift nor sure so long as tensions and uncertainty exist.

The task given to me by the President and the Secretary of State is intended to strike at the root of some of the main causes of this tension and uncertainty. My mission has a limited, specific, and clear-cut purpose: To further a constructive proposal for developing the physical and economic resources of the Jordan Valley for the benefit of the people of four countries which have an interest in the waters of that ancient stream and in the lands through which it flows. These countries are Jordan, Syria, Lebanon, and Israel.

As you know, I have already made one visit to those countries, and it is my intention to make another in the near future. On the first visit, I am happy to say, I was able to enlist their interest in the suggestions I advanced on behalf of the President and the Secretary of State, and I am deeply gratified by the serious consideration that has been given them since then. While I recognize that many difficulties lie ahead, I am looking forward to my second visit with real hope that the governments of the countries concerned will perceive the advantages and benefits inherent in

our proposal and find it possible to cooperate.

The Jordan Valley project—and I do not want to call it a “plan”—is embodied in a report prepared for the United Nations by an eminent firm of American engineers, which envisions the construction of irrigation and power works throughout the valley of the Jordan from the headwaters of the river in Lebanon, Syria, and Israel to the Dead Sea. If the conception of comprehensive valley development embodied in this report were to become reality, it would bring the valley of the Jordan literally into bloom, provide an economic base on the land for hundreds of thousands of people, start a flow of electric energy into areas where it is now totally unknown, and contribute in many other ways to the economic and social advancement of the peoples of the countries concerned.

On the face of it, our support of these proposals represents a considered step by the Government of the United States, a step calculated to further a constructive and forward-looking solution of some of the problems with which the people of the region are confronted. I am perfectly confident that the basic conception is a sound one, a fair one, and a reasonable one. I believe that it offers a solid basis for real progress in an atmosphere relieved of some of the tensions and conflicts which impede progress in the area at the present time.

Now there are some in this country, and some in the Middle East, who profess to see in our proposals regarding the Jordan Valley certain Machiavellian motivations. Perhaps this was only to be expected in view of the tense political situation which exists today between the Arab States and the State of Israel. I am certain, however, that any fair and considered analysis of the proposal itself would quickly dispel all such fears.

U. S. Interest in the Area

There is no need to emphasize to a group as well informed as you the vital interest of the

¹Remarks made before the American Friends of the Middle East at New York City on Jan. 28.

United States in the Middle East. We are engaged, as we all know, in a historic struggle with forces dedicated to an ideology wholly at variance with our own. In this historic contest, which goes on every minute of every day in this year of 1954, we are employing the strategy of trying to create stability, order, and peaceful progress as the bulwarks of freedom. Our opponents employ the strategy of creating chaos, conflict, and political confusion. In the Middle East, as everywhere, our objective is to do all that we can to establish conditions which will permit the nations of that region to forge ahead toward new horizons of social and economic well-being. And it is in the context of this global policy that we are supporting the proposal to harness and use the waters of the Jordan for the benefit of man.

Developing the resources of the Jordan Valley as a comprehensive unified project seems to me the only logical approach to a serious practical problem. The Jordan River system, including the main trunk and its tributaries, is an international stream. Four sovereign states have legitimate interests in some of the water and some of the lands of the river basin. Even in the most favorable circumstances—even if these four states were on the best of terms with one another—it seems obvious that the use of these waters would have to be worked out with due regard to their respective rights and interests. And in the political climate which pervades the Middle East today, it would seem to be more than ever imperative to approach the problem of the river's development internationally. Unilateral efforts to harness the stream can only be expected to create further tension. They could easily lead to open conflict. Unless some mutually acceptable development plan can be elaborated, the situation could readily become one in which whoever can take the water will get it, and I need not amplify the consequences which might ensue in that event.

Analyzing the Proposal

Very briefly, I would like to explain the principal elements of this proposal, as I laid it before the Jordan Valley states in October and November. First, however, I should like to make it clear to you, as I have made it clear to them, that no one is being offered a hard and fast proposition on a take-it-or-leave-it basis. During my conversations with the leaders of the states concerned, I made it abundantly clear that their suggestions for modification of our basic conception would be most welcome. Indeed, I urged them to put forward any suggestions they might feel to be necessary in their own national interests. I assured them that the United States will give all such suggestions the most careful consideration so long as they do not do violence to the fundamental idea of a comprehensive, unified approach to the valley's development.

There is an important difference, of course, between proposals for modification of a basic program and proposals involving a totally new engineering conception or political approach. I hope most sincerely that this distinction will be clear to the governments of the states concerned. The development program embodied in the U.N. report was conceived by engineers and not by politicians; it offers a practical basis on which the life-giving waters of the Jordan can be used for the greatest benefit of the most people—and that is the goal we are seeking to accomplish. If any or all of the interested states can recommend a change here or a change there to better accomplish this objective, such changes can, of course, be incorporated in an ultimate plan. At the same time, there is a "hard core" to the plan, which is its purpose of equitable use of the available resources for the general welfare of the people of the area. It will be understood that "counterplans" based on totally new conceptions and calculated to accomplish political ends would not be compatible with this principle.

I say this quite candidly because I believe that the proposal for unified development of the Jordan Valley should be considered outside the context of political issues and without prejudice to their ultimate solution. These issues must be resolved, and as speedily as possible, of course, if there is to be real peace in the area. But the United States Government, which has made a straightforward and constructive offer of assistance with respect to the Jordan Valley, cannot be expected to abandon the basic premise on which the original proposal was made, namely, the most efficient and economical use of the waters of the Jordan. I feel confident that the statesmen of the Middle East, both in Israel and in the Arab States, will clearly recognize the importance of elaborating an acceptable program on a technical and practical level and will put forward constructive suggestions within the framework of basic principles laid before them several months ago.

For our own part, we have gone to considerable lengths, I feel, to relieve this Jordan Valley project of any implications of a political character. We have, for example, suggested a formula for acceptance of a unified plan which would obviate the necessity of formal agreement between any of the states concerned. This formula envisages acceptance unilaterally by each of the four countries through separate declarations of acceptance filed with the United Nations or some other neutral and impartial body.

Suggestion for International "Water-Master"

Similarly, we have offered in advance a suggestion for eventual control of the water system of the valley by an international authority, a board or commissioner or some similar instrumentality, which would remove exclusive control of the waters

of the system from any of the four states and would assure the equitable division of the water in accordance with accepted engineering principles. My discussions in the region have not yet reached the point of specifics with respect to this international "water-master," so to speak; but there would seem to be no reason why such a mechanism could not in due course be created, assuming acceptance of a unified plan by the four valley states.

The development program projected in the report which I discussed on my first visit to the region 3 months ago is based on a very considerable body of engineering data contained in authoritative reports compiled by a number of different experts over a period of years. In substance, it contemplates the storage of down-valley irrigation water in Lake Tiberias and its controlled release through a system of irrigation canals along both sides of the main stream. Two headwater reservoirs, partly for storage and partly for power, would be constructed—one on the Hasbani within the borders of Lebanon; the other on the Yarmouk, in Jordan.

Thus harnessed and controlled, the waters of the Jordan system would provide steady year-round irrigation for a total of some 234,000 acres of land not now irrigated in Jordan, Israel, and Syria—104,000 acres in Israel, 122,500 acres in Jordan, and approximately 7,500 acres in Syria. Of the total waters available, it would allocate about 426 million cubic meters a year to Israel, about 829 million cubic meters a year to Jordan, and about 50 million a year to Syria. Some 38,000 kilowatts of electric energy would be produced through a power installation on the Yarmouk, and some 27,000 kilowatts at another plant near Tel Hai in Israel.

These figures are, of course, preliminary estimates and subject to revision as more precise data become available as the result of on-the-ground studies. They do, however, serve to indicate an approximate proportionate allocation of the available waters of the Jordan basin among the states involved. The apparent disparity between the amounts of water proposed for Israel and Jordan and the area of land to be irrigated in each of these countries is explained by the fact that the Jordanian lands are lower in the valley, requiring a much higher per-acre application of water than the area to be irrigated in Israel. Much of the land in Jordan can produce crops all year round.

Quite aside from the obvious physical and economic benefits to be derived from a comprehensive valley development program, the United States is interested in easing the tensions which contribute to regional uncertainty and impede economic progress in the area. The project we have put forward would, in my opinion, have a very considerable effect in this respect.

For one thing, it would provide a basis for deciding who is entitled to how much of the water of the Jordan, and unless this is decided with

some degree of mutual agreement it is all too easy to foresee the possibility of protracted bickering and litigation, and even the danger of open hostility. The waters of the Jordan can be a constructive blessing to the peoples of the valley; they can also be the cause of destructive strife. We are proposing no more than a reasonable effort to divide these waters equitably among the countries which have a claim on them, in order that the lands of the valley may be developed in an orderly and peaceful way.

We would anticipate, of course, that a substantial area of the land to be irrigated in Jordan would be allotted to Arab refugees from Palestine. About a third of these unfortunate and unhappy people could be given a solid economic base, a new lease on life, on lands watered through the project we have outlined. Certainly this opens a possibility it would be unfair to these homeless people to ignore. It offers them the dignity of a livelihood on the land for the continuing indignity of international relief and represents a beginning toward a permanent solution of one of the most vexing of the region's problems.

In conclusion, let me say that I do not underestimate the possibility that this program will be rejected by some or all of the Jordan Valley states. I hope sincerely that they will accept it, for it represents, in my opinion, a clear manifestation of our sincere desire to be of help. I hope that the states concerned will let us help in this way to ease the dangerous situation which exists in the area and to promote the peaceful and orderly development which their people so earnestly desire. It is in that hope that I will pursue my mission.

Turkey—Land of Progress and Promise

by *Samuel W. Anderson*¹

The official visit to the United States by the President of Turkey has already provoked a journalistic tide of favorable comment on the strides Turkey has made in recent years toward higher standards of living and increased political freedom for all of its citizens. President Celal Bayar is a living symbol of a nation of people determined to obtain the full benefits of modern scientific production and the maximum degree of individual liberty. The sweeping economic and political changes which have taken place during the past 4 years reflect the dynamic nature of Turkish society and the energy and determination of the Turkish people.

During this period we have observed three basic but interrelated types of change in Turkey which

¹ Statement issued by the Department of Commerce on Jan. 25. Mr. Anderson is Assistant Secretary of Commerce for International Affairs.

have altered the traditional patterns of domestic life and have increased the country's strength and prestige in the sphere of international affairs. The first was a basic shift from a single-party political system to a more flexible and representative multiparty system. This shift was accomplished by peaceful means of free and honest elections and has had the desired effect of greatly increasing the interest of the average Turkish citizen in his own political, economic, and social well-being.

The second major change has occurred in the military strength of Turkey. The defense forces of Turkey have been substantially modernized and by unanimous agreement of all parties concerned have been integrated with the forces of other free nations in the North Atlantic Treaty Organization. The effectiveness of the nation's fighting men has been tested in Korea where they performed with great distinction in the collective action of the free world to halt Communist aggression. The third but not the least important change has been taking place in the structure, direction, and velocity of the Turkish economy.

The nature and significance of these economic changes are unique and merit careful attention by free-world observers. At the time of the establishment of the Turkish Republic the amount of domestic private capital available for investment was insignificant in terms of the country's needs and the then Turkish Government entertained a deep-seated distrust of foreign capital both public and private. Under these circumstances the government adopted a policy of statism, and it is important to note that it did so out of what it believed to be economic necessity and not because the leaders were imbued with any of the various brands of doctrinaire socialism in vogue at that time in Europe and Asia. The government instituted a nationalization program which effected the transfer of ownership and control of most industrial and service enterprises from foreign interests to the national government.

This move was followed by the establishment of a number of state-owned banks which were given specific tasks of organizing and operating mining ventures and industrial establishments. The range of the latter ran all the way from textile and glass plants to cement factories and finally to a steel industry. Although during the first 25 years of the Republic's life some private enterprise coexisted with government owned and operated industries, the government was the dominant force in the economy. It had primary responsibility for determining how much of the national income should be saved and for directing these savings into specific investments. Fortunately this great centralized economic power of the state was devoid of the diabolical political trappings inherent in orthodox Fascist and Communist systems then in force in neighboring countries, and consequently the Turkish State did not exercise total politico-economic controls comparable to those used by the

Italian State under Mussolini or the Russian State under Stalin.

This capacity of the Turks for facing economic reality and for resisting the temptations of any of the extreme economic, political, and social doctrines of totalitarian reformers has played no small part in the recent and rapid swing of the economy away from statism and toward private and competitive enterprise. After a quarter of a century of statism the Turks are reexamining their economic policies and programs with the view to reshaping the country's economic and financial institutions and practices to meet today's circumstances, which differ drastically from those that prevailed at the time the policy of statism was adopted. The Turks have found statism to be far too inflexible to satisfy the country's expanding and changing economic needs, and they are not permitting any abstract economic doctrine to hinder them from making the necessary and desirable changes.

The first positive legislative action taken to speed up the shift from public to private enterprise occurred in 1951. This helped to define the fields in which private business could participate without fear of government competition. The government announced its intent gradually to liquidate its holdings in those industrial fields to be developed by private capital. Up to the present time this action has been more effective in encouraging new industries to enter fields previously occupied by or earmarked for development by government than in effecting actual transfers of ownership and control of existing industrial plants from government to private hands. This is quite understandable since many of the existing government-owned plants are burdened with obsolete equipment and are uneconomically located from either a production or a marketing standpoint.

Legislation enacted in early 1954 goes several steps beyond the 1951 measures especially on the vitally important matter of offering positive inducements to prospective private investors both domestic and foreign. It contains reasonably liberal provisions for private foreign investors especially on such matters as withdrawal from the country of profits and capital—both original and reinvested earnings, and equitable, nondiscriminatory tax treatment.² Another and closely related

² Under the new law, enacted on Jan. 18, repatriation of capital is no longer subject to a minimum time limit. Formerly, cash outlay capital could not be repatriated until after 3 years from the date of entry, while capital in the form of equipment and nonphysical assets had to remain in Turkey for 5 years before repatriation was permitted.

There now are no restrictions on the transfer of profits, interests, and dividends as compared with the former annual limitation of 10 percent of the capital base. The principal of, and interest on, foreign loans are also freely transferable and are no longer subject to the restrictions previously imposed.

(Footnote cont'd on p. 286)

bill passed at the same session of the Turkish Grand National Assembly provides for the exploration of Turkey's prospective petroleum resources by private foreign oil companies on concession terms more favorable than those offered by many other countries. Legislative action of this type demonstrates clearly that the trend of the Turkish economy is in the direction of private ownership and increasing competition. This trend in the long run should result in increased efficiency, a more balanced pattern of economic growth and an improvement in Turkey's foreign-exchange position which is temporarily but decidedly on the deficit side of the ledger.

The chief motivating reasons behind the moves to attract private foreign capital are quite clear, especially to the Turks. The country is engaged in an economic development program which must, if it is to be kept moving at its present lively pace, obtain a considerable amount of private capital and technical know-how from abroad. The Turks are aware that private capital available in the world market today is not unlimited and that in order to get their share of it they will have to shop in the same private capital markets as the Canadians, the South Africans, the Latin Americans, and many others. As a result they must be prepared to be a high bidder. They know that they will have to knock at a lot of doors and that they will have to present more than their good intentions and a few official documents containing legislative assurances.

They know too that the mere assurance that they are actively working to correct certain self-recognized deficiencies is not enough. The long-run soundness of Turkey must be demonstrated and on this point they have supreme confidence. They not only point with justifiable pride to their demonstrated accomplishments of the last 3 years, but emphasize their future probabilities and possibilities.

Their pride of accomplishment in recent years is derived, in part, from the following: since 1950 they have moved from a net importer of grain to an exporter of 1.5 million tons in 1953 and a

(*Continued from p. 285*)

The new law also allows the Ministry of Finance to guarantee approved foreign loans up to an aggregate amount of 1 billion Turkish liras (\$357 million at official rate of exchange). Investments made since August 1951 are automatically covered by the new law.

As under the previous law, foreign investments must be approved by a Government-appointed committee before being eligible for the provisions of the investment law.

An English translation of the new law has been published as No. 514 (January 1954) of the World Trade Series, Business Information Service. Copies may be obtained at 5 cents each from the U. S. Department of Commerce, Washington 25, D. C., or from the Department's field offices.

probable exporter of over 2 million tons in 1954; during the past 5 years they have tripled the nation's mileage of all-weather highways and have lowered internal highway transportation costs by more than 60 percent; they have pushed three items—grain, cotton, and nonferrous metals—above their traditional foreign exchange leader, tobacco; and with the assistance of the International Bank for Reconstruction and Development, they developed an industrial development bank which has, in a period of less than 3 short years, channeled substantial amounts of domestic savings into private industrial development schemes which will increase domestic production of consumers' goods and thereby reduce demands for foreign imports in these fields; they have made modest progress in their effort to meet internationally recognized standards and grades for their export products; and they have achieved broad distribution of their rapidly increasing national production which is a factor of no little importance in creating a growing market for both domestically produced and imported consumers' goods.

Turkish hopes are high for the successful development of a petroleum industry within her borders, and even a modest realization of these hopes would result in a significant change in the country's import pattern, since over half of Turkey's dollar earnings are now being used for petroleum purchases. Although the rise in production of agricultural commodities has been more spectacular than the increases in production of nonferrous metals, the latter is impressive from its volume standpoint as well as from its capacity to command scarce foreign currencies, especially dollars. A number of developments now underway or nearing completion in the fields of mining, power, transportation, agriculture, and industry should provide the Turkish economy with much additional strength and should contribute significantly to the relief of short-term debt problems of the type now taxing Turkish finances almost to the limit.

The Turks realize that an early judgment by outside businessmen of Turkey's ability to cope satisfactorily with the important problem of its short-term credit arrearages will be made since proof of this ability could be established within 6 months provided that proper measures for doing so were instituted promptly and implemented vigorously. It should be noted, in passing, that Turkey's long-term funded foreign debt has been kept at an easily manageable level in terms of the country's present level of foreign-exchange earnings.

Despite the serious problems which confront the Turks in this period of drastic change and rapid development, the Turkish economy has already produced unexpected achievements, and the long-run prospects for its increased strength and continued growth appear bright.

Brotherhood in the World of Today

by Deputy Under Secretary Murphy¹

Nobody, I am sure, could receive without emotion the honor conferred upon me this evening by the National Conference of Christians and Jews. However little I may merit this distinction, I am deeply grateful to your President and the members.

Through the years since the founding of the Conference in 1928, there has been constant reminder of the good works of your members and friends in the promotion of higher standards in our social order. Perhaps in no period of world history has there been greater need for men and women of your stamp to do battle with the forces of prejudice and discrimination in the wilderness of totalitarianism. Your group has been a haven of refuge and an inspiration for the weary and oppressed.

Naturally, as a worker in the field of foreign affairs, my interest was attracted by the founding in Europe of World Brotherhood in 1950. I can testify to its effectiveness in the promotion of your high ideals.

In my case, my appreciation is no less deep because I know that, in naming me for this award, you were thinking not of me as a person but rather as a representative of the men and women in our American Foreign Service, who in their way are working to build a world of brotherhood.

I would like your permission to accept this award in their name. My long years in the Service give me the right, I think, to act for them and to speak for them whenever opportunity offers.

Throughout my career I have had many contacts with American groups, business people, professionals, those of the armed services. Nowhere have I seen greater dedication to duty and the best interests of our country and the American people than in the United States Foreign Service.

These people, let me add, need your confidence. They need the encouragement of knowing the American people, their people, are back of them.

¹Address made before the National Conference of Christians and Jews at New York, N. Y., on Feb. 4 (press release 51). The address followed the presentation of the Brotherhood Award to Mr. Murphy by the Conference.

They need, as do we all, an occasional word of appreciation.

Let me assure you that your country's representatives abroad today yield to none in competence and in loyalty to American ideals. By encouraging them, you make a practical contribution to the success of the work they are doing. And there has never been a time when it was more important that they be in a position to give their best.

The foreign policy of the United States is decided in Washington. The duty of applying that policy to local situations abroad devolves upon the Foreign Service. It is a tremendous responsibility at any time, but especially so today.

Recent years have witnessed important developments in the position of the United States in world affairs. Today our country is the acknowledged leader of the free world with all the responsibilities such a role implies.

The objectives of our policies, foreign and domestic, remain constant—the welfare and security of the people of the United States. But more and more, over the years, we have found our welfare and security related to factors outside our own borders. Necessity has broadened our interests as well as our field of activity.

I think it was Voltaire who once said that, as disconcerting as it might be on occasion, the brotherhood of man was an inescapable fact. The brotherhood of man has ceased to be regarded merely as an ideal. Today it is accepted by sensible men as an inescapable reality. The foreign policies of the United States are based upon that reality.

Adjustment of Foreign Policy

Naturally in this changing world, all nations periodically must reexamine their policies. The United States is no exception. Policies, and the programs designed to put them into effect, must be adjusted from time to time to meet new situations. Such a reexamination of the policies of the

United States was recently announced by our able Secretary of State.

Reviewing the past decade or two, I think it is agreed that many of the policies followed had been sound. However, they were in the main emergency measures, taken to meet situations imposed by forces outside our borders. The "new look" at our policies has resulted in policies and programs that are geared for the long pull.

In harmony with the times, we are planning for "an entire historical era." The United States must be strong not only for today but for tomorrow, and for all tomorrows of the foreseeable future.

We must be strong not alone for ourselves but for those who, today, look to us for leadership in building their own strength and maintaining their own security.

American policy recognizes our need for allies and friends. As in the past, it places its hope for ultimate peace in the world in the united strength and the determination of the free peoples. That strength is being increased and that unity is being reinforced. Our policies are shaped to that end.

Admittedly, freedom frequently involves differences of opinion. It does between people. And it does between nations. Sometimes these are rather violent differences. Complete uniformity is not to be expected from free peoples.

When these differences arise between our friends and allies the United States hopes, and is planning, to maintain a position of impartial friendship for both. By way of illustration, we are not taking sides in disputes between Israel and the Arab States, between India and Pakistan, or in any other situation where differences in the free world arise. We think—we feel we know—that we can be of more service to our friends, and to the cause of peace, if we do remain impartial.

I have spoken of the free world, our friends and allies in that world.

Current Division of World

It is the unspeakable tragedy of our times that we must recognize a division of the world today. We refuse to recognize such a division as permanent. We believe that time and the fundamentals are working for us. Among the fundamentals on our side are the richness—spiritual, intellectual, and material—that freedom alone can produce.

It was in this spirit that our Secretary of State went to the meeting in Berlin of the Four Powers of the grand alliance of World War II. If you have been following the developments of that conference you cannot fail to have been impressed by the strength that spirit has given us and our allies.

The objective of the Soviets in Berlin is obvious. It is to weaken the unity of the free world, striking particularly at the free nations of Europe and the United States. Soviet efforts, to date, however, have met a stone wall. The United States,

the United Kingdom, and France are demonstrating in Berlin their unity is unimpaired.

In Asia the Communist imperialism failed in its greatest gamble to date, the aggression against Korea. Our "new" policy contains powerful deterrents against other Koreas. No would-be aggressor hereafter can take such a gamble without the gravest risk.

The United States has twice of late mentioned Indochina as illustrating this transition in policy. Specifically we have said that, if there is open Red Chinese aggression in that area, there will be "grave consequences which might not be confined to Indochina." We feel this may provide the best form of insurance against aggression.

Today, living in a world where emergencies inevitably develop and must be met, we are determined to formulate our policy lines on a long time basis which we hope in the future will avoid resort to the improvisation of billions for foreign economic aid and overnight commitments to fight land battles in Asia or elsewhere. We are aware of the implacable Soviet plans to weaken us by overextension in efforts which in the words of Lenin are beyond our strength so that we may come to practical bankruptcy. It has become obvious to all of us that the ultimate Soviet hope is that by their policy of attrition they will gain the final victory over us when the moment comes for Stalin's objective of the decisive blow. We know that it is not sound economics or effective foreign policy to support permanently other countries or to become committed to military expenditures so great that they will lead inevitably to national bankruptcy.

Our Government is seeking a national security system at a maximum deterrent and at a bearable cost, and our purpose is to make our relations with our allies more effective and less costly. We are placing today more reliance on deterrent power and less on local defensive power and are determined now to deter aggression by responding vigorously at places and with means of our own choosing. As long as American basic policy concepts were unclear and undecided, it was impossible for our Joint Chiefs of Staff to be selective in building our military power. That enabled an enemy thus to choose the time and place and method of warfare, while we met aggression by local opposition. In other words, putting out bonfires wherever they happen required us to fight anywhere whether in Asia, the Near East, or Europe, with old weapons or with new weapons.

Now the President and the National Security Council have taken the necessary basic policy decisions and these depend largely upon our great capacity to retaliate instantly by means and at places of our own choosing. Thus our defense establishment can shape our military apparatus to fit our policy instead of torturing itself in an effort to be ready to meet any choice of an enemy. That

means that a selection of military methods is possible instead of a multiplication of means and this results in more basic security at lower cost.

The "new look" that our President and his administration have taken at our foreign policy recognizes what is fundamental to all our foreign policies—a desire to build free world strength and

unity as the basis of American welfare and security. In so doing I am sure that our Government can depend on the National Conference of Christians and Jews and the World Brotherhood in promoting policies which are so fundamental and so much in harmony with the purposes of your organization.

Building a Secure Community

by Thruston B. Morton

*Assistant Secretary for Congressional Relations*¹

It is good to be here and to have this chance to discuss with you the problems the United States faces in this troubled world.

And no one will deny—it is a sorely troubled world. Wherever one turns, North or South, East or West, there is difficulty and anxiety. The United States itself is not exempt. We are, to be sure, prosperous as, perhaps, never before. But we are, nevertheless, anxious, uneasy.

It is ironic that such a situation should exist. Now, when men have at hand the tools to solve many of their age-old problems. Now, when the goal of a good life seems attainable. Never in history have men so much right to hope. Yet, the climate is one of fear and unease.

Hope, to be sure, persists. But, to quote Francis Bacon, "Hope is a good breakfast but an ill supper." Men in many places are saying that it is time some of these hopes were realized.

These hopes . . . what are they?

For many the primary hope is peace—a permanent peace. The world has had enough of war—hot or cold. It wants freedom from war and the fear of war. It wants a peace that will give it the opportunity to put to work these new tools.

Reasonable men know that we must have peace to build this brave new world. Conversely they know that the peace they want is possible only in such a world.

To many men, however, the picture is not so clear. The hungry, the homeless, and the sick—to such men peace has little meaning. Life has little meaning. As a U.N. delegate remarked, to his people four sandwiches had more meaning than four freedoms. This man happened to be an

Asian but he spoke for hundreds of millions all over the world.

We must therefore deal with problems such as hunger if we wish peace. This is not altruism. It is a matter of enlightened self-interest. Our freedom, freedom everywhere, will be secure only in a world where hope deferred does not drive men to desperation.

Obviously, the United States, alone, cannot settle all the problems of the world. No single nation can. The tasks before us require the united efforts of all peace-loving people. We, therefore, must work to extend this unity of effort.

A few years ago, an eminent historian (Dr. Arthur Schlesinger, Sr.) was asked what had been the outstanding development of the first 50 years of the 20th century. He said it was the reluctant acceptance by the United States of world leadership. He emphasized the "reluctant."

I might take exception to the emphasis, but fundamentally he was right. Certainly United States world leadership has tremendous historical significance.

And what is perhaps more significant, we had the maturity and the courage to face the facts. We recognized that our preeminent strength made our leadership historically inevitable.

Principle of Voluntary Cooperation

How we handle that responsibility is, of course, a matter of great importance. We are using our position to lead and not to dominate. Among the non-Communist nations we have sought, and are seeking, allies and friends—not satellites. The master-and-slave relationship is a Communist technique that is anathema to free peoples.

¹ Address made before the National Convention of Ruritan National at Washington, D. C., on Jan. 26 (press release 36).

As Secretary of State Dulles recently put it:

We do not want weak or subservient allies. Our friends and allies are dependable just because they are unwilling to be anyone's satellites.

This principle of voluntary cooperation contrasts sharply with Communist practice. The Kremlin relies on force and punishes deviation. I believe that this reliance on force, this insistence on absolute conformity, is a symptom of the basic weakness of the Soviet system. It is a confession that only through compulsion can the Kremlin maintain its control over the subject peoples.

At this point, a question might arise. How is that a weakness? As long as the Kremlin can apply force, they can continue to rule. The fact is that, over the long pull, the effectiveness of force diminishes. After a time, the use of force must be increased to obtain the same results. Inevitably a saturation point is reached. Then the regime starts to slip.

Comforting though this prospect is, it may never be realized if we sit idly by just waiting for it to happen. Fundamentally, the factor that requires the use of force by the Communist leaders is the contrast between the vitality and productiveness of a free society and the sterility of totalitarian rule. The contrast exerts a constant pressure on the Communist structure. But the extent and amount of that pressure depends on us. The more effectively and the more vigorously the free nations demonstrate the superiority of their system over the Communist structure of slavery, the sooner we can expect the saturation point to be reached.

Let me repeat—this is a long-term prospect. It may be 10 years, 20 or perhaps 30 years before it develops. In the meantime we have our work cut out for us.

First of all, we have had to look to our defenses. We have had to build, and should continue to build, our own strength, military and economic. And we have helped our associates build theirs.

It is an effort that must be continued. However, there has been a significant shift in the course to be pursued in reaching our security objectives.

In the postwar period, when it was demonstrated that the Soviet policy was clearly aggressive and imperialistic, the free nations took steps designed to frustrate the aims of the Kremlin. World War II had left the economies of the nations of Western Europe in a state bordering on collapse—a condition which left them perilously vulnerable to Communist takeover.

The U.S. response to this threat was a program of economic reconstruction whereby the Western nations were enabled to get back on their feet.

Greek-Turkish aid blocked a Soviet thrust into the Mediterranean.

The North Atlantic Treaty provided an essential political framework for a Western coalition.

The military-aid program helped materially in the development of an integrated force-in-being

which serves the dual purpose of discouraging a Communist aggression and being ready to deal with an attack should one occur.

With United States initiative, the United Nations drove back the assault of the Communists on the Republic of Korea. The United States also extended material aid to the French Union forces in Indochina.

These and other similar measures have been effective. But essentially they were a response to a Soviet Communist threat. In other words, the Kremlin had the initiative. The Red leaders were picking the time, the place, and the means, and the free nations were limited to counteraction. The strategic disadvantage of this situation is obvious.

The Economic Burden

But there was another risk involved which was less apparent: an economic risk. One tactic of the Red campaign against the West was to weaken the individual nations by overextending them. If the democracies could be drawn into assuming an excessive burden in the way of military expenditures, their economic strength might be sapped to a point where, as Stalin once put it, "they would be ready for the decisive blow."

The security measures which have been adopted by this country and its allies to meet the Communist threat were essential—and very costly. Their indefinite continuance risked overtaxing the strength of the free nations and invited grave economic, political, and social consequences.

The remedy can be simply described—maximum strength at a cost within our capacity to pay. A policy which would produce this remedy would guarantee to the free nations the necessary stamina to maintain long-range safeguards for their security.

It is all very well to describe such a policy, but the policy itself only becomes possible and practical in proper circumstances. First of all, when a nation or nations face a real emergency, there must be action. There is no time to go shopping around, to experiment to see if less expensive or less painful methods wouldn't serve as well.

Secondly, while a voluntary association of nations may prosper temporarily with one of the group shouldering a disproportionate share of the burden, such a relationship does not have a long life expectancy. In the long run, this unequal relationship destroys the mutual respect and cooperation upon which the partnership is built.

For a number of years after World War II, the United States and the free world were compelled to meet a succession of emergencies. This country bore a heavy proportion of the burden. To a great degree this was unavoidable. But we were expending great amounts of time and energy putting out fires with little left over to devote for the fire prevention which would prevent the blazes from starting.

That is no longer the case. And in saying this I do not mean that the emergency is necessarily less, or that the threat of Communist imperialism has decreased. Rather it is that our standing capacity to deal with such contingencies as may develop has greatly improved.

Likewise, we, as a nation, find that the economic aid which in the past was essential to the continuance of the coalition of free countries can be confined to special and temporary situations.

Initiative Now With Free Nations

In addition, I should note another development. I mentioned earlier that our actions were of the emergency nature, taken in response to Soviet moves. There has been a change here, as well—a basic change. The initiative has now passed from the Kremlin to the free nations. This is a shift of great importance.

From the outset, one objective of the policy followed by the free community has been security. Such forces as have been raised are security forces—that is, they are intended solely for defensive use. Although the Soviet Union, in its propaganda, has tried to depict the European Army, for example, as an aggressive force, the facts are that it is literally impossible to use it as such.

This army and the North Atlantic community under which it is organized, like other applications of the principle of collective security, function as deterrents. And in case of a future attack, they are a defense-in-being. However, in planning policy for the future, emphasis has been shifted to the deterrent factor.

On-the-spot defense, everywhere, in strength sufficient to deal with any eventuality would overtax the capacity of the free community. Local defenses there must be, and they are vital, but their value as a deterrent can only be brought to the needed level if they are reinforced with an overall retaliatory power which is decisive.

The significance of this approach should not be underestimated. No longer can a would-be aggressor spread his maps in front of him and select the theater, the type and the scope of the action. He can no longer calculate his risk. This is so because the free community is now placed to reply—not as the aggressor dictates—but at a time, and a place, and in a fashion of its own choosing. We believe that this should effectively discourage an aggressor.

In a manner of speaking, we are still ready to fight such fires as may break out, but we are devoting more energy to fire prevention.

It is perhaps easiest to follow the application of this approach in the Far East. At the conclusion of the truce, the members of the United Nations Command served notice on the Chinese Communists that if they broke the truce and renewed their aggression, it might not be possible to limit hostilities to the Korean Peninsula. The Peiping re-

gime was also advised that aggressive intervention in Indochina would “have grave consequences which might not be confined to Indochina.”

In so stating, we were not rattling the sabre. We were not making threats. We simply announced what would be required of us if the Communists persisted in their attempt to conquer southeast Asia. We also felt it important that the Red strategists be fully apprised of our intentions so that these intentions could enter into their calculations. We have reason to think that the Communists would not have attacked the Republic of Korea if they had foreseen large-scale resistance. Another such miscalculation could be even more tragic. We are determined to do our part to prevent it.

I believe that we can safely assume that this policy has had its effect on Red China’s attitude toward its neighbors to the southeast. Such moves as they may have had under consideration must now be reexamined.

They may have felt that the Korean aggression brought the Communist cause an advantage because it tied down substantial elements of the free world’s military forces where the situation was tactically adverse. If that used to be so it certainly is not so now. We have no intention of tying down our forces in Korea, as the recently announced plan to withdraw troops from the peninsula demonstrates. Yet this withdrawal plan can in no way be interpreted as a weakening of our determination to protect the integrity of the Republic of Korea. It is simply evidence that flexibility has been restored to our position in the Pacific.

My remarks so far may seem to deal preponderantly with military policy and military strength. Perhaps that is because military power and military policy figure importantly in a modern foreign policy. This will continue to be so as long as the Kremlin places such great emphasis on strength. It is futile to negotiate with the Soviet Union unless you have strength sufficient to command respect.

There is a story which you may have heard before which illustrates this. An underling is reputed to have informed Stalin of the Vatican’s opposition to a certain Soviet move. Stalin is supposed to have shrugged and asked: “The Pope? How many divisions has he got?”

While that conversation may never have taken place, it describes the Kremlin’s attitude.

For example, the improvement in the military position of the free nations contributed to the signing of an honorable truce in Korea. It is also a factor in our successful insistence on the principle of nonforeible repatriation of prisoners of war. And if we succeed in convening a political conference to discuss the establishment of a unified and independent Korea—in some part we can thank the power that we have sacrificed so much to create.

The Defense of Europe

And if we turn to Europe, we can see demonstrated there the effectiveness of the policy which is based on a pooling of the strength of the North Atlantic nations. And here again we can note that the pace of the buildup, both military and economic, has been adapted to the long pull. The goals set at the spring meeting of NATO husband the economic strength of the Western Powers rather than draining it.

However well gaited the NATO program, there are still outstanding several problems which will have to be resolved before the strong and integrated framework of nations can become a reality. We have recognized, from the beginning, that a strong and secure European community must include Germany. Certainly, it would be foolish to talk of an effective Western defense which did not include that country. It would be equally foolish to discuss a defense of Germany which did not involve Germans.

There are and have been two major obstacles to bringing this about. One is the persistent Soviet refusal to end the unnatural division of Germany and the establishment of a puppet Communist state in East Germany. The second is the reluctance of France to agree to the formation of German military units and to accept a reconstituted Germany as a full and equal partner in the proposed community.

French leaders and French voters are keenly aware of being overrun by German troops three times in less than a century—and the third time is still fresh in the memory of most Frenchmen. There is a fear that a rearmed West Germany might try unification by force. And to many French, there is even greater hazard in a rearmed Germany combined with the Soviet Union than there is in the Red armies alone.

A solution to this difficulty was offered by the French leaders themselves. They proposed a European Defense Community, to be ratified by the member states, to which member nations would transfer certain powers to direct a unified army drawn from all members of the community. Through the Community, West German troops could be enlisted without creating a German national army.

Because it was a commonsense solution to a major problem of European defense, and because it was a step toward European unification, EDC has had strong American backing. West Germany has ratified the Community. So has the Netherlands. Belgium is moving in that direction. But paradoxically, France, the originator, has dragged its feet.

There is a practical as well as a moral limit to the influence this country can exert to bring EDC into being. We can persuade. We can urge. But more we cannot do, even if we would. France's decision must develop out of the free choice of her leaders and her citizens. We must simply pin

our faith on the fundamental commonsense of the French people. For as Secretary Dulles has said:

Until the goals of EDC are achieved, NATO and indeed future peace are in jeopardy.

Efforts Toward German Unification

The question of the division of Germany and the reconstitution of that country as a free and independent nation is now being discussed by the Foreign Ministers of Britain and France, Secretary of State Dulles, and the Soviet Foreign Minister. This meeting, the first such since 1949, came about as a result of an exchange of notes between the three Western Powers and the Soviet Union—an exchange in which the Soviet Union came off second best.

For their own evil ends, the leaders of the Soviet Union have stubbornly blocked German unification. At the same time, they have gone to considerable lengths to mask their opposition to German unity and to attribute the continued division of the country to the West. On the numerous occasions when Britain, France, and the United States proposed a meeting to settle the question of Germany, the Soviet Union appeared to concur. But the Kremlin's reply invariably posed conditions known to be unacceptable to the West.

Last summer, after the East German uprisings, the three Western Powers again elected to put the question of a German settlement up to the Kremlin.² The reply from Moscow followed the usual pattern. Britain, France, and the United States pursued the matter.

The diplomatic exchange that followed totaled four notes and four responses.³ The Kremlin's third answer rejected flatly the proposed four-power conference on Germany and an Austrian treaty. Instead the Kremlin suggested a five-power meeting including Red China which would deal generally with world tensions and presumably relegate matters pertaining to Germany and Austria to secondary status.

This proposal effectively tore the camouflage from the Soviet position. It was well known in Moscow, as well as elsewhere, that a five-power meeting with a general agenda was unacceptable to the West. Thus the Kremlin proposal was transparent. It added up to a flat refusal to discuss a German settlement.

World reaction to the Soviet stand was immediate and the impact was felt in the Kremlin. The Soviet leaders felt compelled to reverse their field on the matter of procedure. The final note in the series of four agreed to a four-power

² For text of note, see BULLETIN of July 27, 1953, p. 107.

³ *Ibid.*, Sept. 14, 1953, p. 351; Oct. 26, 1953, p. 547; Nov. 30, 1953, p. 745; Dec. 21, 1953, p. 852; and Jan. 11, 1954, p. 43.

conference—to discuss Germany. When we remember the importance that the Communists attach to procedure, this was a tactical retreat of no little significance. But beyond this, there was little cause for optimism. There was no change in the substantive position put forward by the Kremlin. Soviet conditions for a European settlement, for example, called for a breakup of NATO, junking EDC, and a complete U.S. withdrawal from Europe.

With this as the background to the current meetings in Berlin, it is easy to understand why we do not expect clear sailing and a quick German settlement. Nevertheless, we believe that the con-

ference will produce results—even though they may seem minor when compared to the major purpose of the talks.

But in this matter, as in others, we should not scorn small gains. We may only move ahead inches at a time. The important thing is that we keep moving.

We must realize that the winning of peace will probably be made up of a series of small advances. We must recognize that this end-objective will take time, and will demand steady, unremitting effort.

It will help if we keep ever in mind that the game is very much worth the candle.

Trade Relations and Japanese Economy

by Frank A. Waring¹

Japan today has 87 million people living in an area slightly smaller than that of the State of California. It is difficult to imagine, but if the Philippines were as densely settled, it would have 68 million people, or more than three times your present population. Californians would number 93.5 million, or 60 percent of the entire population of the United States. And the population of Japan is growing at the rate of 1.2 million each year.

Only one-seventh of the area of Japan can be cultivated. There are, in fact, 15 million acres of farmland and 6 million farm families. The average landholding, therefore, is 2.5 acres, or about one hectare, per family. Indeed, on the basis of arable land, the density of population is 4,000 to the square mile.

Only because land is so scarce, Japanese farmers, by intensive cultivation and application of fertilizer, manage to extract from the soil maximum yields. In rice, for example, production averages 80 bushels per acre, compared with an average of 50 bushels in the United States, 25 bushels in the Philippines, and a little more than 20 bushels in India.

Despite such high yields, however, Japan customarily must import 20 percent of its food supply at an annual cost of \$600 million, which is equivalent to about 50 percent of the value of its current

exports. Unfortunately, the figure will be higher this year. Because of a very cool summer, the harvest of rice last fall was about 20 percent below the previous yield, entailing a loss of 2 million tons. As a result Japan must import at least an additional 1.5 million tons of assorted grains (rice, wheat, and barley) at a probable cost of about \$200 million. And this loss has been augmented by disastrous floods which stripped rice paddies of top soil, inflicting property damage estimated at \$500 million.

But food is not the only essential import for Japan, which nature endowed with very few natural resources. Nearly all of the raw materials for its industries must be procured largely, if not entirely, from abroad. These include iron ore, coking coal, petroleum, bauxite, copper, lumber, wood pulp, raw cotton, and wool. Such products are essential to maintain the Japanese economy internally and make possible the production of goods for export to pay for the necessary food and raw materials obtained from foreign countries. It is fair to say that Japan's chief export, its chief contribution to foreign trade in exchange for the products it requires, is its labor and its technical skills. It is also true that Japan must export to live.

New Pattern of Export Trade

Today that country faces a particularly difficult problem in foreign trade. Before the war, two

¹ Address made before the Rotary Club at Manila on Jan. 14. Mr. Waring is Counselor of Embassy for Economic Affairs at Tokyo.

of its major export products were raw silk and cotton textiles. But exports of raw silk are now sharply reduced because of the competition encountered from synthetic fibers, and the sales of cotton textiles, although substantial, have declined because many countries, such as India and Pakistan, which formerly were substantial markets, have developed cotton textile industries of their own. In consequence, Japan must alter the pattern of its export trade, placing more emphasis on the products of heavy industry, including steel, ships, machinery and equipment of all kinds, cement, and chemical fertilizer. Yet, in the marketing abroad of many of these products, Japan has had little experience, and, for a number of them, its prices are not competitive with similar articles produced in Western Europe and the United States.

As a result of these conditions, Japan's foreign sales have not kept pace with import requirements. In 1952 its imports exceeded its exports by \$756 million. In 1953 exports remained relatively steady at about \$1,200 million, but imports increased to \$2,300 million; in consequence, the import balance for last year rose to \$1,100 million.

Japan could not afford such excesses in purchases abroad if it did not earn additional dollars from special sources, dollars received in exchange for goods and services purchased on behalf of United States forces. The United States extends no economic aid to Japan in the form of grants. It does purchase some of the supplies it requires from Japanese sources; it awards contracts for services, including the repair of its vehicles and equipment, and thus it employs Japanese labor. In addition, individual members of the Armed Forces make personal expenditures on their own behalf which recently have amounted, in the aggregate, to the astounding sum of \$1 million a day. In effect, special dollar receipts are the equivalent of additional exports plus a very substantial tourist trade. In the last 2 years they totaled more than \$800 million annually.

In 1952 these special dollars were sufficient to offset Japan's import balance. In 1953 they were not, and Japan will lose at least \$200 millions, or 20 percent of its foreign currency reserves. Obviously this trend cannot long continue. Yet in 1954 Japan appears likely again to have an adverse position in its balance of payments, unless exports are expanded or imports curtailed; and the reduction of imports will be difficult because of the necessity to import increased quantities of food to offset the diminished supply of rice.

Japan's Importance as a World Market

These are facts which cannot be denied, or ignored. Another fact is that Japan is a large and significant world market. Imports valued at \$2,300 million cannot be overlooked. Japan is an important market for the United States; it is

our largest purchaser of raw cotton, wheat, and rice to mention only a few of the most significant commodities. It is important to Canada as a buyer of wheat, to Australia for wool, and to the Philippines for iron ore, other minerals, salt, abaca, timber, and lumber. Indeed, it is my opinion that many products of the Philippines could find a ready and expanding market in Japan, including perhaps, if produced in sufficient quantities and at competitive prices, rice and sugar.

Let us look for a moment at the trade of Japan with some of its important suppliers. The United States sells to Japan products valued at about \$750 million and buys \$250 million. Of course, currently, special dollar receipts more than offset this imbalance in trade, but it cannot be anticipated that such receipts will be a permanent part of Japanese economy. Instead they constitute a temporary, although most helpful, windfall. Canadian sales to Japan amount to about \$100 million and purchases to \$18 million. Australian sales will approximate \$116 million and purchases \$4 million. The Philippines sells products valued at about \$47 million and buys \$18 million. In view of these trade data, it seems pertinent to suggest that, if we wish to continue to sell, we must also buy.

I would even go further and propose, for our mutual consideration, that economic stability and well-being in the Pacific cannot be assured unless Japan is a participant. If Japan cannot purchase the raw materials it requires, the cotton farmers in the United States will suffer; so will the wool growers of Australia, the wheat producers of Canada, and the miners in the Philippines. I submit that a prosperous Japan will contribute to our own prosperity.

To achieve this goal, there are many things which Japan must do for itself, things, in fact, which only Japan can do. These might possibly include an increase in the efficiency of its production to insure a reduction in costs so that its products may become competitive and firm adherence to sound fiscal, financial, and trade policies and practices. But beyond these things, there are matters over which Japan has no control, for example, the failure to receive most-favored-nation treatment for its products in some foreign markets and the maintenance abroad of excessive tariff barriers on products which it desires to export. In our own self-interest, to assure the maintenance of our export volume, it seems necessary that Japan be given an opportunity to develop a balanced foreign trade. No one nation alone can provide the solution, even if it should be willing to try. Instead, the problem would seem to require the cooperation of all the nations of the free world, especially those with a major interest in economic stability in the Pacific.

And speaking of cooperation, Japan, although it is not yet a member of the United Nations, is

giving its full endorsement and support to the principles upon which that organization was founded. In restricting trade with Communist China, which the United Nations has branded as an aggressor, Japan maintains a higher level of export controls than any of the nations of Western Europe. This it does despite its need for expanding exports.

Philippine-U. S. Interests in Japanese Trade

In this entire matter, it seems to me, the interests of the Philippines and the United States are identical. Our economies and our trade are vitally influenced by the march of events in the Pacific. We are both unalterably opposed to the expansion of aggressive communism in the Far East or elsewhere. We both would deprive the Iron Curtain countries of the tools for aggression by restricting the export of strategic materials. Yet we actively seek to expand our trade with the free nations of the world on a mutually profitable basis. We desire for ourselves and for others mounting purchasing power and improved levels of living with all that implies. In the struggle to attain these objectives, Japan will inevitably play a part. If, by its own efforts and with the cooperation of others, it can develop a self-supporting economy, its contribution to the general welfare will certainly be enhanced.

The current members of the Government of Japan are not those who led it down the road to disaster in 1941 and caused so much pain and suffering in this part of the world. The physical havoc then created I have had some occasion to evaluate and understand. No, many of the present Japanese officials were themselves jailed by the military clique who then controlled the country and are now thoroughly discredited. I am confident that the Japanese today have no aggressive design or intent. Instead, they wish to live in peace and trade with profit. This desire is also yours and mine. If it is to be accomplished, we cannot overlook the potential contribution of 87 million people or neglect the important opportunity for cooperative endeavor which can be mutually beneficial.

Transfer of Custody of POW's in Korea Outlined

Following is the text of a statement made by Gen. Julius K. Lacey, senior member of the U.N. Command, Military Armistice Commission, at a meeting of the Commission on January 23:

As your side knows the Neutral Nations Repatriation Commission avoided its obligation to release the prisoners of war to civilian status at 0001 hours 23 January. In his letter of 14 January the chairman, Neutral Nations Repatriation Com-

mission, requested the two sides to accept restoration of custody of the prisoners of war beginning at 0900 hours 20 January.¹ The commander of our side replied:²

I reiterate the unalterable conviction of the United Nations Command that the Neutral Nations Repatriation Commission has a solemn obligation to fulfill its responsibilities and release to civilian status at 23 January all prisoners of war who have refused repatriation. Failure of the Neutral Nations Repatriation Commission to fulfill this obligation would be a deliberate avoidance of an important element of the Terms of Reference and the United Nations Command could not concur in an action constituting default by the Neutral Nations Repatriation Commission.

The United Nations Command cannot accept custody of these prisoners of war in accordance with the terms of your proposal.

The commander of our side pointed out that in view of the desire, expressed by the chairman, Neutral Nations Command, with respect to custody of those prisoners of war formerly detained by our side, the United Nations Command would of necessity have to be prepared to arrange for their accommodation, and disposition in the event that such restoration of custody was undertaken.

Despite the expressed unwillingness of the United Nations Command to accept their custody under the existing conditions of default by the Neutral Nations Repatriation Commission, that commission decided to return the prisoners of war. Consequently, the United Nations Command was forced, for humanitarian reasons, to accept the prisoners of war and provide for their accommodation and disposition.

Our side has, in accordance with the provisions of the terms of reference and because of the failure of the Neutral Nations Repatriation Commission to discharge its responsibilities, released to civilian status at 0001 hours 23 January 1954 those prisoners of war restored to our custody on 20 and 21 January.³

So that your side may know the truth, our side will outline the operations of transfer of custody which took place on 20 and 21 January. We suggest that you seek verification of these facts from the custodian force, India.

The transfer of the prisoners of war to the custody of our side by the custodian force, India from the South Camp on 20 and 21 January was accomplished in an orderly and quiet manner. The procedure prescribed by the custodian force, India was designed to provide each prisoner of war with a final opportunity to request repatriation if he desired.

The prisoners were instructed by the custodian force, India prior to their release that each prisoner would proceed from the inner gate to the outer gate of their compound individually, while

¹ BULLETIN of Jan. 25, 1954, p. 113.

² Reply by Gen. John E. Hull dated Jan. 16; *ibid.*, p. 115.

³ For statements regarding the release of prisoners of war on Jan. 23, see *ibid.*, Feb. 1, 1954, p. 152.

between the two gates the prisoner would be checked on a roster and if he desired repatriation he could then so indicate by informing the custodian force, India guard or by proceeding in a different direction than the bulk of the prisoners. Evidence that this final opportunity for repatriation existed is the fact that approximately 100 individuals elected to separate themselves from the large majority who did not wish repatriation.

Our side wishes to emphasize that each prisoner of war was given the opportunity to request repatriation. As each prisoner of war left his compound the procedures established by the custodian force, India permitted him to proceed individually from the inner gate to the outer gate. During this period there was no possibility of his fellow prisoners preventing his going to the Indian guard and requesting repatriation if he so desired. At all times there were sufficient Indian guards present to protect any individual who wished to leave his group and seek repatriation. Our side repeats that approximately 100 prisoners of war availed themselves of this opportunity.

Your side violated the armistice agreement by broadcasting threatening messages to the prisoners of war on 20 January. In effect, though illegally, you completed your explanations to all prisoners of war. Only approximately 100 requested repatriation.

The major result of your broadcast was to expedite the transfer and make it more orderly. You made the choice clear and the vast majority, without hesitation, rejected both your threats and your promises. For your help in giving a definite purpose to the movement, our side expresses its appreciation to the senior member of your side.

At 0910 hours on 20 January the first group of Chinese prisoners were out of the demilitarized zone and being loaded in trucks for movement south. At 1033 hours the first group of Korean prisoners of war began moving across the southern boundary of the demilitarized zone. The movement continued without incident until all of the Korean prisoners of war had been loaded on trains and the last train began its southward movement at 2116 hours. The last of the Chinese prisoners of war were loaded on trucks and were moving south at 0249 hours on 21 January 1954.

The custodian force, India reports that approximately 21,800 prisoners of war were released to the United Nations Command within 17½ hours after the first man moved into the area under the control of our side. The best evidence of the voluntary nature of the southward movement of this large number of prisoners of war is the ease with which this mass transfer was effected. They moved a distance of 1½ to 2½ miles of their own free will, not under the direction of any guards. Further evidence that this was a voluntary and orderly move is the fact that there were no injuries or incidents such as certainly would have occurred had the prisoners of war been

forced against their will to return to our side. The prisoners of war were happy and cooperative. Their bands played. The men sang and waved their flags.

International Bank Report

The International Bank for Reconstruction and Development reported a net income of \$10,122,649 for the 6-month period ended December 31, 1953, compared with \$7,639,743 for a corresponding period in 1952.¹

This income was placed in the supplemental reserve against losses on loans and guarantees, and raised the reserve to \$86,636,160. Loan commissions amounted to \$5,563,593 and were credited to the bank's special reserve, increasing that reserve to \$42,800,070.

Total reserves on December 31, 1953, were \$129,436,230.

Gross income, exclusive of loan commissions, was \$23,930,935, compared with \$20,696,715 for the corresponding period in 1952. Expenses totaled \$13,808,286, including \$2,926,889 of administrative expenses, \$9,158,640 of bond interest, and \$1,722,757 of bond issuance and other financial expenses. The bonds issued during the 6-month period were \$75 million 3 percent 3-year bonds, due October 1, 1956; Swiss franc 50 million 3½ percent 15-year bonds, due July 1, 1968; and Swiss franc 50 million 3½ percent 15-year bonds, due Dec. 1, 1968.

During the 6-month period, the bank made 18 loans totaling \$190,392,000 in Brazil, Chile, Colombia, Iceland, Italy, Japan, Nicaragua, Panama, Turkey, and the Union of South Africa. These loans increased total loans signed by the bank to \$1,781,158,464. Disbursements on loans were \$133,043,619, bringing total disbursements to \$1,236,304,734.

Repayments of principal were received from borrowers as due; they totaled \$2,042,684 and brought total principal repayments to \$14,710,994 on December 31. During the period, the bank also sold or agreed to sell to private investors \$14,038,384 principal amount of its loans; this included \$8,965,687 without its guarantee and \$5,072,697 with its guarantee. At December 31, 1953, these transactions brought total sales of effective loans to \$84,053,038; \$29,177,194 of these sales were made without the bank's guarantee.

A change in the par value of the Chilean peso from 31 to 110 pesos per U.S. dollar was approved by the International Monetary Fund in October 1953. Chile later paid additional currency to maintain the bank's holdings of Chilean pesos.

On December 31, 1953, Czechoslovakia was suspended from membership in the bank because of failure to pay a balance of \$625,000 due on its subscription to the bank's capital.

¹ For memorandum relating to the financial statements, see International Bank release of Feb. 1.

International Cooperation in Fisheries Conservation

by Walter S. Robertson
*Assistant Secretary for Far Eastern Affairs*¹

I am most happy on behalf of the United States Government to welcome you to Washington to this, your first meeting.

Our Canadian friends are frequent and honored visitors to this city on matters of fisheries conservation. The many joint fishing concerns of the United States and Canadian Governments, on both the Atlantic and Pacific shores, bring our scientists and administrators together with frequency; and it is as always a pleasure to greet our colleagues from Canada.

And on this occasion it is a very special pleasure to welcome our friends from Japan. This is, I believe, the first international conference in Washington in which the Government of Japan has participated since the war. More than that, in this meeting Japan now joins as a partner, with the United States and Canada, in a cooperative research and conservation program for the fish stock of common concern in the North Pacific Ocean. On both these grounds, I repeat our great pleasure in welcoming the representatives of the Japanese Government.

The subject with which you are concerning yourselves, the conservation of high seas fisheries resources, is a question in worldwide ferment today. Two months ago, the subject was before the General Assembly of the United Nations, but no final solution was reached.

There are two opposing schools of thought as to how the continued productivity of marine resources may best be assured.

One school of thought takes the view that national jurisdiction or sovereignty over the high seas is a necessary condition for such assurance. If this theory were placed in effect and if it became international law, there would be no free seas in the sense that we know them now.

The other school of thought maintains that, within the concept of the free seas, the conservation of fisheries resources can be carried out intelligently and effectively by making use of conservation measures such as those developed in the North Pacific Fisheries Convention. The means for such conservation are primarily cooperative and coordinated research and joint use of our scientific knowledge on an international basis. Under this principle the high seas remain free. Governments agree jointly to undertake scientific research in high seas fisheries where needed and jointly to undertake fishing-control measures when science shows them to be desirable. The essence

¹Remarks made at the opening of the first meeting of the International Commission for the North Pacific Fisheries at Washington, D. C., on Feb. 1 (press release 43).

of this approach is international cooperation to make it possible for mankind to derive the greatest possible benefit from the resources of the high seas.

Your Commission, gentlemen, is a working example of this second, and, as I believe, forward-looking school of thought. Operating under this latest and most advanced conservation treaty, you will carry on under principles which are in some ways new in the practice of international conservation. The world will observe your activities, not only from the test of your success in the scientific study and management of the great North Pacific fish stocks, but also as a test of high seas fisheries conservation under the concept of the freedom of the seas. I wish you every success.

Continuation of Effort To Solve Palestine Problem

*Statement by James J. Wadsworth, Acting U.S. Representative to the U.N.*¹

U.S./U.N. press release dated January 21

In joining with our colleagues of France and the United Kingdom in submitting the redraft before us,² my Government wishes its views to be clearly understood as to purpose.

Together with our cosponsors we have earnestly and patiently sought here to give to General Bennike³ the clearest and least complicated terms of reference for undertaking the task of reconciliation which we have outlined in the new paragraph 11.

As indicated by my colleague from the United Kingdom, we have sought most honestly and sincerely to meet the wishes, views, and objections of the parties to this dispute and of other interested members of the Council. During these negotiations we have been impressed with the unhappy divergence of views of the parties as to their interests, rights, and obligations under their own

¹Made in the Security Council on Jan. 21.

²U.N. doc. S/3151/Rev. 2. For text of the three-power draft introduced on Dec. 21, 1953, see BULLETIN of JAN. 11, 1954, p. 59. The new draft omitted paragraph 9, which called upon the Chief of Staff of the Truce Supervision Organization "to maintain the demilitarized character of the Zone"; it also rephrased former paragraph 11 as follows:

"Requests and authorizes the Chief of Staff to explore possibilities of reconciling the Israeli and Syrian interests involved in the dispute over the diversion of Jordan waters at Banat Ya'qub, including full satisfaction of existing irrigation rights at all seasons, while safeguarding the rights of individuals in the Demilitarized Zone, and to take such steps in accordance with the Armistice Agreement as he may deem appropriate to effect a reconciliation;"

³Gen. Vagn Bennike, Chief of Staff of the Truce Supervision Organization.

armistice agreement. And we believe that, if possible, these views should be reconciled.

However, the United States holds that these divergent views indicate that this Council should not attempt to interpret by resolution what the parties' interests, rights, and obligations are. This is for the parties themselves to resolve in accordance with the provisions of their own armistice agreement under the aegis of General Bennike. We, as the Council, as the sponsors believe, are merely here requesting and authorizing him as the Council's agent to assume a necessary initiative in this matter. What is more, we are not investing him with new and extraordinary powers which he did not already have assigned to him under that agreement.

As Sir Gladwyn Jebb has already pointed out, we have been at this job for some time. Some 13 weeks have elapsed since the matter first received the Council's consideration, and with due regard to the fact that the new members of the Council have had to acquaint themselves with a most complicated set of issues, we nevertheless believe, and it is my Government's firm view, that it would be in the general interest—in the interest of everyone concerned, members of the Council, parties to the dispute and all the rest—to proceed as swiftly as possible to action on this resolution today.⁴

Progress Toward Self-Rule in African Territories

*Statement by Mason Sears*⁵

U.S./U.N. press release dated February 3

For a number of reasons the discussions on political progress in the Trust Territory of the British Cameroons, which is jointly administered with Nigeria, has given much satisfaction to the U.S. delegation.

First of all, it appears from what has been said and from the reports before us that the colonial days of these regions are coming to an end with the rapid approach of full self-government.

New constitutional developments in Nigeria and the Cameroons and also in nearby territories indicate that the time is nearly at hand when a large part of West Africa, involving a huge population of around 40 million people, will have achieved self-determination in superseding their colonial status.

⁴The vote in the Council on Jan. 22 was 7-2 (Lebanon, U.S.S.R.), with Brazil and China abstaining. The Soviet veto was its 57th.

⁵Made in the Trusteeship Council on Feb. 3. Mr. Sears is U.S. representative in the Council.

This will do much to deflate the issue of colonialism which is being used to hamper and divide the free world in its resistance to the attempted expansion of the captive world.

It also happily forecasts that unless they are blackballed by the veto of an unfriendly power it will not be long before several new African States can properly look forward to representation in the United Nations.

Beyond these comments we have nothing to suggest, since we are convinced that the United Kingdom, through its administrators, is doing a splendid job in the Cameroons as well as in other parts of West Africa.

These developments are having great political impact internationally and lend much encouragement to the progress of sound and stable self-government in the other trust territories as well as throughout Africa and the rest of the world.

U. S. Delegations to International Conferences

International Film Festival

Eric Johnston, President of the Motion Picture Association of America, Inc., has been designated as the official U.S. representative at the First International Film Festival of Brazil, opening in São Paulo on February 12 as part of the year-long celebration of the city's 400th anniversary, the U.S. Information Agency announced on January 29. Alan Fisher, the U.S.I.A.'s motion-picture officer in Brazil, has been designated alternate representative. A large unofficial delegation from the motion-picture industry, which will include outstanding Hollywood directors, actors, and actresses, publicity specialists, and technicians, also will be headed by Mr. Johnston.

FOREIGN SERVICE

Confirmations

The Senate on January 25 confirmed the following nominations:

- Willard L. Beaulac to be Ambassador to Chile.
- Selden Chapin to be Ambassador to Panama.
- Hugh S. Cumming, Jr., to be Ambassador to Indonesia.
- Robert C. Hill to be Ambassador to Costa Rica.
- U. Alexis Johnson to be Ambassador to Czechoslovakia.
- H. Freeman Matthews to be Ambassador to the Netherlands.
- Dempster McIntosh to be Ambassador to Uruguay.
- John E. Peurifoy to be Ambassador to Guatemala.
- Rudolph E. Schoenfeld to be Ambassador to Colombia.
- George Wadsworth to be Ambassador to Saudi Arabia, and to serve concurrently and without additional compensation as Minister to Yemen.
- Wiley T. Buchanan, Jr., to be Minister to Luxembourg.

Africa
 The Development of United States Policy in the Near East, South Asia, and Africa During 1953: Part I (Howard) 274
 Progress Toward Self-Rule in African Territories (Sears) 298

American Principles
 Brotherhood in the World of Today (Murphy) 287
 Building a Secure Community (Morton) 289
 Fifth Anniversary of Mindszenty Imprisonment (Eisenhower) 273
 A Foreign Policy for the Long Haul (Smith) 263

American Republics. International Film Festival 298

Brazil. International Film Festival 298

Communism
 Building a Secure Community (Morton) 289
 Fifth Anniversary of Mindszenty Imprisonment (Eisenhower) 273

Costa Rica. Letter of Credence of Ambassador Facio 273

Czechoslovakia. Release of John Hvasta (Dulles) 273

Economic Affairs
 French Shippers Study U.S. Freight Handling 272
 International Bank Report 296
 International Cooperation in Fisheries Conservation (Robertson) 297
 Mission to the Middle East (Johnston) 282
 Trade Relations and Japanese Economy (Waring) 293
 Turkey—Land of Progress and Promise (Anderson) 284

Foreign Service
 Confirmations. Beaulac, Buchanan, Chapin, Cumming, Hill, Johnson, Matthews, McIntosh, Penrifoy, Schoenfeld, Wadsworth 298

France. French Shippers Study U.S. Freight Handling 272

Germany. Fifth Anniversary of Exchange Program With West Germany 272

Hungary. Fifth Anniversary of Mindszenty Imprisonment (Eisenhower) 273

International Information. International Bank Report 296

International Organizations and Meetings
 Foreign Ministers' Discussions Continue (Dulles; Soviet proposals) 266
 International Cooperation in Fisheries Conservation (Robertson) 297
 International Film Festival 298

Japan. Trade Relations and Japanese Economy (Waring) 293

Korea
 German Government Furnishes Hospital for Korea (text of agreement) 270
 President Asks Governors To Visit Korea (text of letter) 273
 Transfer of Custody of POW's in Korea Outlined (Lacey) 295

Middle East. Mission to the Middle East (Johnston) 282

Military Affairs. Transfer of Custody of POW's in Korea Outlined (Lacey) 295

Mutual Security
 The Development of United States Policy in the Near East, South Asia, and Africa During 1953: Part I (Howard) 274
 Mission to the Middle East (Johnston) 282

Near East. The Development of United States Policy in the Near East, South Asia, and Africa During 1953: Part I (Howard) 274

Non-Self-Governing Territories. Progress Toward Self-Rule in African Territories (Sears) 298

Palestine. Continuation of Effort To Solve Palestine Problem (Wadsworth) 297

Presidential Documents
 President Asks Governors To Visit Korea (text of letter) 273
 Fifth Anniversary of Mindszenty Imprisonment (text of letter) 273

South Asia. The Development of United States Policy in the Near East, South Asia, and Africa During 1953: Part I (Howard) 274

Treaty Information
 Foreign Ministers' Discussions Continue (Dulles; Soviet proposals) 266
 German Government Furnishes Hospital for Korea (text of agreement) 270
 Turkey. Turkey—Land of Progress and Promise (Anderson) 284

United Nations
 Security Council. Continuation of Effort To Solve Palestine Problem (Wadsworth) 297
 Transfer of Custody of POW's in Korea Outlined (Lacey) 295

Name Index

Anderson, Samuel W. 284
 Beaulac, Willard L. 298
 Buchanan, Wiley T. 298
 Chapin, Seldon 298
 Cumming, Hugh S., Jr. 298
 Dulles, Secretary 266, 273
 Eisenhower, President 273
 Facio, Antonio A. 273
 Hill, Robert C. 298
 Howard, Harry N. 274
 Hvasta, John 273
 Johnson, U. Alexis 298
 Johnston, Eric 282, 298
 Krekeler, Heinz L. 270
 Lacey, Julius K. 295
 Matthews, H. Freeman 298
 McIntosh, Dempster 298
 Mindszenty, Cardinal 273
 Morton, Thurston B. 289
 Murphy, Robert 287
 Penrifoy, John E. 298
 Robertson, Walter S. 297
 Schoenfeld, Rudolph E. 298
 Sears, Mason 298
 Smith, Walter Bedell 263, 270
 Thornton, Dan 273
 Vorbeek, Frederic L. 273
 Wadsworth, George 298
 Wadsworth, James J. 297
 Waring, Frank A. 293

Check List of Department of State Press Releases: February 8-14

Releases may be obtained from the News Division, Department of State, Washington 25, D.C. Press releases issued prior to February 8 which appear in this issue of the BULLETIN are Nos. 36 of January 26, 43 of February 1, 44 of February 2, and 51 of February 4.

No.	Date	Subject
58	2/8	Dulles: Berlin statement, Feb. 5
59	2/9	Costa Rican credentials (rewrite)
60	2/9	Smith: Foreign policy
61	2/10	Dulles: Letter to Hvasta
62	2/11	Dulles: Statement of Feb. 9
*63	2/11	Cabot-Dulles letters
64	2/11	Dulles: Statement of Feb. 10
65	2/12	German hospital to Korea

* Not printed.

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March 1, 1954



MODERNIZING THE ATOMIC ENERGY ACT
President's Message to the Congress 303

FOREIGN MINISTERS CONCLUDE BERLIN MEETINGS 307

PROBLEMS OF FOREIGN ECONOMIC POLICY ●
by Assistant Secretary Waugh 321

THE DEVELOPMENT OF UNITED STATES POLICY IN THE NEAR EAST, SOUTH ASIA, AND AFRICA DURING 1953: Part II ● Article by Harry N. Howard . . 328

For index see inside back cover



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Modernizing the Atomic Energy Act

*Message of the President to the Congress*¹

For the purpose of strengthening the defense and economy of the United States and of the free world, I recommend that the Congress approve a number of amendments to the Atomic Energy Act of 1946. These amendments would accomplish this purpose, with proper security safeguards, through the following means:

First, widened cooperation with our allies in certain atomic energy matters;

Second, improved procedures for the control and dissemination of atomic energy information; and,

Third, encouragement of broadened participation in the development of peacetime uses of atomic energy in the United States.

Nuclear Progress

In 1946, when the Atomic Energy Act was written, the world was on the threshold of the atomic era. A new and elemental source of tremendous energy had been unlocked by the United States the year before. To harness its power in peaceful and productive service was even then our hope and our goal, but its awesome destructiveness overshadowed its potential for good. In the minds of most people this new energy was equated with the atomic bomb, and the bomb spelled the erasure of cities and the mass death of men, women, and children.

Moreover, this Nation's monopoly of atomic weapons was of crucial importance in international relations. The common defense and world peace required that this monopoly be protected and prolonged by the most stringent security safeguards.

In this atmosphere, the Atomic Energy Act was written. Well suited to conditions then existing, the act in the main is still adequate to the Nation's needs.

Since 1946, however, there has been great progress in nuclear science and technology. Generations of normal scientific development have been compressed into less than a decade. Each successive year has seen technological advances in atomic energy exceeding even progressive estimates. The anticipations of 1946, when government policy was established and the Atomic Energy Act was written, have been far outdistanced.

One popular assumption of 1946—that the United States could maintain its monopoly in atomic weapons for an appreciable time—was quickly proved invalid. That monopoly disappeared in 1949, only 3 years after the Atomic Energy Act was enacted. But to counterbalance that debit on the atomic ledger, there have been mighty increases in our assets.

A wide variety of atomic weapons, considered in 1946 to be mere possibilities of a distant future, have today achieved conventional status in the arsenals of our armed forces. The thermonuclear weapon, nonexistent 8 years ago, today dwarfs in destructive power all atomic weapons. The practicability of constructing a submarine with atomic propulsion was questionable in 1946; 3 weeks ago the launching of the U. S. S. *Nautilus* made it certain that the use of atomic energy for ship propulsion will ultimately become widespread. In 1946, too, economic industrial power from atomic energy sources seemed very remote; today it is clearly in sight—largely a matter of further research and development and the establishment of conditions in which the spirit of enterprise can flourish.

Obviously such developments as these within so short a period should have had a profound influence on the Nation's atomic energy policy. But, in a number of respects, our atomic energy law is still designed to fit the conditions of 1946.

Many statutory restrictions, based on such actual facts of 1946 as the American monopoly of

¹H. doc. 328, 83d Cong., 2d sess.; transmitted Feb. 17.

atomic weapons and limited application of atomic energy in civilian and military fields, are inconsistent with the nuclear realities of 1954. Furthermore these restrictions impede the proper exploitation of nuclear energy for the benefit of the American people and of our friends throughout the free world.

An objective assessment of these varied factors leads clearly to these conclusions: In respect to defense considerations, our atomic effectiveness will be increased if certain limited information on the use of atomic weapons can be imparted more readily to nations allied with us in common defense. In respect to peaceful applications of atomic energy, these can be developed more rapidly and their benefits more widely realized through broadened cooperation with friendly nations and through greater participation by American industry. By enhancing our military effectiveness, we strengthen our efforts to deter aggression; by enlarging opportunities for peacetime development, we accelerate our own progress and strengthen the free world.

Section 1 of the Atomic Energy Act of 1946 wisely recognizes the need for future revisions of the law. In its spirit and in consideration of matters of the utmost importance to the Nation's defense and welfare, I recommend that the Congress approve a number of amendments to the Atomic Energy Act.

Cooperation With Other Nations

In this atomic era, the growth of international cooperation for the defense of the free world is the most heartening development on the world political scene. The United States is allied with many friends in measures to deter aggression and, where necessary, to defeat the aggressor. The agreements binding ourselves and our friends in common defense constitute a warning to any potential aggressor that his punishment will be swift and his defeat inevitable. These powerful influences for peace must be made as strong and convincing as possible.

Most of our friends among the nations have had little opportunity to inform themselves on the employment of atomic weapons. Under present law we cannot give them tactical information essential to their effective participation with us in combined military operations and planning, and to their own defense against atomic attack.

Our own security will increase as our allies gain information concerning the use of and the defense against atomic weapons. Some of our allies, in fact, are now producing fissionable materials or weapons, supporting effective atomic energy research, and developing peacetime uses for atomic power. But all of them should become better informed in the problems of atomic warfare and, therefore, better prepared to meet the contingency of such warfare. In order for the free

world to be an effective defense unit, it must be geared to the atomic facts of this era.

I urge, therefore, that authority be provided to exchange with nations participating in defensive arrangements with the United States such tactical information as is essential to the development of defense plans and to the training of personnel for atomic warfare. Amendments to the definition of "restricted data," recommended later in this message, will also contribute to needed administrative flexibility in the exchange of information with such nations concerning the use of atomic weapons.

To meet a specific defense need existing in 1951, the Congress approved a carefully limited procedure for the communication of information on the processing of atomic raw materials, reactor development, production of fissionable materials, and related research and development. These limitations should now be modified so that the authority to communicate information, adjusted to present conditions, may be better used to our national advantage.

In the development of peaceful uses for atomic energy, additional amendments are required for effective United States cooperation with friendly nations. Such cooperation requires the exchange of certain "restricted data" on the industrial applications of atomic energy and also the release of fissionable materials in amounts adequate for industrial and research use. I therefore recommend that the Atomic Energy Act be amended to authorize such cooperation. Such amendments should prescribe that, before the conclusion of any arrangements for the transfer of fissionable material to a foreign nation, assurances must be provided against its use by the recipient nation for military purposes.

Sharing certain information with other nations involves risks that must be weighed, in each instance, against the net advantages to the United States. In each case we must be guided by such considerations as the sensitivity and importance of the data; the specific uses to which the information will be put; the security standards of the cooperating nation; its role in the common defense of the free world; and the contributions it has made and can make to the mutual security effort. Such considerations apply to the exchange or communication of information on general defense planning and the employment of conventional weapons as well as to the information that could be exchanged pursuant to these recommendations.

These recommendations are apart from my proposal to seek a new basis for international cooperation in the field of atomic energy, as outlined in my address before the General Assembly of the United Nations last December.² Consideration of additional legislation which may be needed to implement that proposal should await the de-

² BULLETIN of Dec. 21, 1953, p. 847.

velopment of areas of agreement as a result of our discussions with other nations.

In a related area, present law prevents United States citizens or corporations from engaging directly or indirectly in the production of fissionable material outside the United States, except upon determination by the President that the proposed activity will not adversely affect the common defense and security. Matters that have arisen under this provision have been ordinary business or commercial activities which nevertheless fall within the broad statutory prohibition because they might contribute in some degree, however minor, to foreign atomic energy programs. The President should be enabled to authorize the Atomic Energy Commission to make future determinations of this nature. This amendment is related also to the above amendment concerning the exchange of information with other countries, as arrangements for authorized exchanges of information with friendly foreign governments may involve participation by American citizens or firms in work in foreign countries. The proposed amendment would permit the Atomic Energy Commission also to authorize such participation.

All of these proposed amendments should make it clear that the authority granted must be exercised only in accordance with conditions prescribed by the President to protect the common defense and security.

Protection of Atomic Energy Information

A special category of "restricted data," so defined as to include virtually all atomic energy data of security significance, is now established by law. "Restricted data" are protected in the law by special espionage provisions, provisions relating to the control, dissemination, and declassification of such data, and by requirements for personnel security clearances.

Personnel Security. The provisions of the act relating to security clearances of personnel need improvement in several respects. The act does not recognize degrees of sensitivity of "restricted data." The same clearance requirements apply to any type of "restricted data," whether it be access by the unskilled construction laborer to "restricted data" of only marginal security significance, or access by a scientist to the heart of atomic weapons information. The Atomic Energy Commission lacks sufficient latitude under present law to determine the extent of personnel investigation needed for adequate security. Many costly background investigations required by present law are unnecessary. The Atomic Energy Commission should be permitted to relate the scope of investigation required under the act to the significance of the access to "restricted data" which will be permitted.

This amendment is especially pertinent to the

proposed broadening of private participation in the development of atomic power. While such private participants will require access to "restricted data" on reactor technology, full investigations of all their employees who will have such access are not warranted because much of the data involved will not have significant security importance. Moreover, such investigations would impede and discourage the desired participation and would be unnecessarily costly both to government and to industry. Where access to more sensitive "restricted data" is involved, the Commission must, of course, require full investigations.

Another security clearance problem relates to personnel of Department of Defense agencies and to the personnel of contractors with those agencies. The Atomic Energy Commission may now disclose "restricted data" to such of these personnel as have security clearances from the Department of Defense. The "restricted data" so disclosed by the Commission are thereafter protected in accordance with Department of Defense security regulations. And yet, contractors of the Commission are precluded by law from granting the same personnel access to the same "restricted data" until they have had AEC clearances, based on investigations by the Federal Bureau of Investigation or the Civil Service Commission.

As applications of atomic energy become increasingly widespread within the Armed Services, the necessity increases for communication of "restricted data" between AEC contractors and participants in related Department of Defense programs. The present fact that personnel engaged in military programs who have military clearances must be denied access to "restricted data" by AEC contractor personnel impedes cooperation between the Department of Defense and the Atomic Energy Commission in areas of mutual interest and causes unnecessary expense in time and money. I therefore recommend that the Atomic Energy Commission be enabled to authorize its contractors and licensees to afford access to "restricted data" to personnel engaged in Department of Defense programs who need such data in their work and who possess the proper military security clearances.

The Definition of Restricted Data. (1) A large body of "restricted data" under present law relates primarily to military utilization of atomic weapons. The responsibility for the control of much of this weapons information logically should rest with the Department of Defense rather than with the Commission. Many administrative difficulties that are produced by a dual system of security would be eliminated by the removal of this weapons information from the "restricted data" category and its subsequent protection by the Department of Defense in the same manner and under the same safeguards as other military secrets.

This method of handling weapons information is not possible under present law. "Restricted

data" can be removed from the statutory "restricted data" category only by declassification, upon a determination by the Atomic Energy Commission that the publication of such data would not adversely affect the common defense and security. Declassification obviously is not the remedy. The remedy lies in reliance upon the standard security measures of the user, the Department of Defense. I recommend, therefore, that the statutory definition of "restricted data" be amended to exclude information concerning the utilization of atomic weapons, as distinguished from information on their theory, design, and manufacture.

(2) In addition to information which falls wholly within the utilization category, there is information which concerns primarily the utilization of weapons but which pertains also to their design and manufacture. In order to avoid difficulties in this marginal zone, I recommend legislation which also would authorize removal of such information from the "restricted data" category. This would be done only when the Commission and the Department of Defense jointly determine that it relates primarily to military utilization of atomic weapons and that it can be adequately safeguarded as classified defense information under the Espionage Act and other applicable law.

(3) Consistent with these changes, I recommend that the Department of Defense join with the Atomic Energy Commission in any declassification of "restricted data" which relate primarily to military utilization of atomic weapons and which can be published without endangering the national security. Thus, the Department of Defense will have an appropriate voice in the protection and declassification of such "restricted data" and the responsibilities of the Commission will be clarified with respect to all other "restricted data."

Domestic Development of Atomic Energy

What was only a hope and a distant goal in 1946, the beneficent use of atomic energy in human service, can soon be a reality. Before our scientists and engineers lie rich possibilities in the harnessing of atomic power. The Federal Government can pioneer in its development. But, in this undertaking, the enterprise, initiative, and competitive spirit of individuals and groups within our free economy are needed to assure the greatest efficiency and progress at the least cost to the public.

Industry's interest in this field is already evident. In collaboration with the Atomic Energy Commission, a number of private corporations are now conducting studies, largely at their own expense, of the various reactor types which might be developed to produce economic power. There are indications that they would increase their efforts significantly if the way were open for private investment in such reactors. In amending the law to permit such investment, care must be

taken to encourage the development of this new industry in a manner as nearly normal as possible, with careful regulation to protect the national security and the public health and safety. It is essential that this program so proceed that this new industry will develop self-reliance and self-sufficiency.

The creation of opportunities for broadened industrial participation may permit the Government to reduce its own reactor research and development after private industrial activity is well established. For the present, in addition to contributing toward the advancement of power reactor technology, the Government will continue to speed progress in the related technology of military propulsion reactors. The present complementary efforts of industry and Government will therefore continue, and industry should be encouraged by the enactment of appropriate legislation to assume a substantially more significant role. To this end, I recommend amendments to the Atomic Energy Act which would:

1. Relax statutory restrictions against ownership or lease of fissionable material and of facilities capable of producing fissionable material.
2. Permit private manufacture, ownership, and operation of atomic reactors and related activities, subject to necessary safeguards and under licensing systems administered by the Atomic Energy Commission.
3. Authorize the Commission to establish minimum safety and security regulations to govern the use and possession of fissionable material.
4. Permit the Commission to supply licensees special materials and services needed in the initial stages of the new industry at prices estimated to compensate the Government adequately for the value of the materials and services and the expense to the Government in making them available.
5. Liberalize the patent provisions of the Atomic Energy Act, principally by expanding the area in which private patents can be obtained to include the production as well as utilization of fissionable material, while continuing for a limited period the authority to require a patent owner to license others to use an invention essential to the peacetime applications of atomic energy.

Until industrial participation in the utilization of atomic energy acquires a broader base, considerations of fairness require some mechanism to assure that the limited number of companies, which as government contractors now have access to the program, cannot build a patent monopoly which would exclude others desiring to enter the field. I hope that participation in the development of atomic power will have broadened sufficiently in the next 5 years to remove the need for such provisions.

In order to encourage the greatest possible progress in domestic application of atomic energy, flexibility is necessary in licensing and regulatory

provisions of the legislation. Until further experience with this new industry has been gained, it would be unwise to try to anticipate by law all of the many problems that are certain to arise. Just as the basic Atomic Energy Act recognized by its own terms that it was experimental in a number of respects, so these amendments will be subject to continuing future change and refinement.

The destiny of all nations during the 20th century will turn in large measure upon the nature and the pace of atomic energy development here and abroad. The revisions to the Atomic Energy Act herein recommended will help make it possible for American atomic energy development, public and private, to play a full and effective part in leading mankind into a new era of progress and peace.

Foreign Ministers Conclude Berlin Meetings

*Following are the texts of further statements made by Secretary Dulles during the Foreign Ministers' Conference which opened at Berlin on January 25, together with the text of a Soviet proposal regarding Austria and the texts of quadripartite and tripartite communiques issued at the close of the Conference:*¹

STATEMENT OF FEBRUARY 12

Press release 69 dated February 15

We are here today in a meeting which may have historic consequences. From it may come the kind of accomplishment which the whole world has been expecting of this conference; but which after nearly 3 weeks has not yet been forthcoming.

Some may explain and even excuse our failure to date on the ground that the problems and tasks we have previously undertaken have been vast and complex. Such is not the case today.

In agenda item No. 3, the conclusion of an Austrian State Treaty, we have a problem of completely manageable magnitude.

In the occasional moments of meditation which this conference has permitted, I have given thought to the dilemmas which seem to confront our Soviet colleagues. I try to see their problems from their viewpoint, and I admit that they face hard problems.

But no stretch of philosophical speculation can bring me to believe that Austria constitutes a really hard problem. Surely the mighty Soviet empire cannot really fear lest 7 million peace-loving Austrians should have freedom. Nor can I believe that the economy of the 800 million people within the Soviet-dominated bloc depends

upon being able to continue to bleed the economy of the small and naturally poor Austrian state. It seems incredible that a Soviet grocer's bill for some dried peas should have stood in the way of honoring the 1943 signature of the Soviet Foreign Minister to the Moscow declaration of Austria's independence.²

We have just heard the statement of the Austrian Foreign Minister.

Immediate Solution Needed

We agree that the Austrian problem does not simply call for eventual solution; it cries aloud for immediate solution, no matter what measurement of politics or economics or humanity or international decency is applied to it. What is asked for is nothing more than what was solemnly promised over 10 years ago—the rights of sovereignty we all insist upon for ourselves. Furthermore, the gap which separates the Austrian Minister's plea from realization is so small that this treaty could be signed here and now, if all four of us had the will to sign it. I for one do have that will, and I note that each of us has in statements at this conference recognized our obligation to act and act quickly. Mr. Molotov put it well when on January 25, 1954, he said "the interests of strengthening peace in Europe and the need to assure the national rights of the Austrian people demand the earliest re-establishment of a free and independent Austria." The call of the Austrian Foreign Minister is a call to action to which we must respond quickly for many reasons.

Austria was the first victim of Hitler's aggression and if we have, as we say and know we have,

¹For texts of earlier statements and proposals, see BULLETIN of Feb. 8, 1954, p. 179, Feb. 15, 1954, p. 222, and Feb. 22, 1954, p. 266.

²For a statement regarding the "dried peas debt", see *Ibid.*, June 8, 1953, p. 811.

a responsibility for remaking the Europe which Hitler so largely destroyed, the liberation of Austria from the bondage of occupation still stands after 9 years at the head of the list of actions we should take.

We should also respond quickly because only in that way can we eradicate the sorry record of past negotiations on the Austrian State Treaty.

I have no wish at this time to enumerate the long and shabby story of delay, disillusion, and lack of candor which has thus far characterized the Soviet negotiations on Austria.

This time there should be a clear-cut end to all of that. Can we sit here as the Foreign Ministers of our four countries solemnly and seriously addressing ourselves to agenda item No. 3 and dare admit that the 374 previous discussions on this one item over a 7-year period have not explored every conceivable nook and cranny of the Austrian State Treaty?

Austrian Record of Achievement

We should also respond quickly in recognition of the extraordinary performance of the Austrians themselves. Compare the Austria of today with the Austria that met our eyes in the spring of 1945.

At that time a provisional government struggled in the ruins left by Hitler. The economy—there was no economy.

Today the Austrian people pursue their daily lives peacefully and industriously under the protection of their democratic constitution.

Few governments in the world today can present a record of real achievement comparable to that of the Austrian Government installed in 1945 after free elections and twice freely reelected since then. This Austrian Government has brought the Austrian economy to a state of productivity and stability which it has not enjoyed for decades, despite the syphoning off, for the benefit of Soviet Russia, of the products of East Austria. To be sure foreign aid has helped, and I am proud that much of it has been contributed by the United States, but foreign aid without national will could not have produced the Austria of today.

It can truly be said that the harmony of Austria's internal and external relations, created in 9 years out of the ruins of aggression, is a model of what can be done when there is a will to do it. And yet despite this abundantly apparent demonstration of political maturity, democratic institutions, social peace, and economic well-being, the Austrian people remain under the burden of occupation and exploitation. Some 60,000 foreign troops, over $\frac{2}{3}$ of them under Soviet command, garrison Austria. That is practically one soldier for every 100 inhabitants.

We should also respond quickly because of the shameful economic burden which has been im-

posed upon Austria during the past 5 years by the delay on the treaty. Since 1949 the Soviet Union has extracted from so-called "German assets" in its zone of Austria at least 200 million dollars in net profits. This is a sum larger than the lump-sum indemnity which in 1949 was set by the Soviet Union as the price for the return to Austria of only some of these assets. This is reason enough for acting on the Austrian Foreign Minister's request for alleviation of article 35.

Austria Not An Enemy Country

Austria was not an aggressor—Austria is not a defeated enemy. Austria was a victim of aggression. Austria is, by our own statement in the Moscow declaration of November 1, 1943, a liberated and not an enemy country. As Dr. Figl has said, it is ironical that we have long since concluded treaties with all but one of the European nations which were our enemies.

In a proclamation to the citizens of Vienna in March 1945 the late Marshal Tolbukhin, commanding the Russian forces in Austria, said "The Red Army has set foot on the soil of Austria not to conquer Austrian territory. Its aim is exclusively the defeat of the enemy German-Fascist troops, and the liberation of Austria. The Red Army backs the Moscow declaration of the allied powers on the independence of Austria."

To fulfill the pledge of the Moscow declaration, so eloquently underscored by Marshal Tolbukhin and reinforced by innumerable statements, declarations, and resolutions since then, requires pathetically little. That was also true in 1949.

All that lies between the Austria of today and the Austria we promised in 1943 is agreement on five articles, actually only parts of five articles, of the present draft treaty, and consideration of article 35 in the light of the Austrian Foreign Minister's statement today.

The American delegation supports Mr. Eden's proposal listing the few points which need to be settled in order to reach the goal of an Austrian state treaty. After 374 discussions and 10 years of unfilled pledges, I believe my colleagues will agree with me that these and only these steps need to be taken, no other issues are relevant to our task.

Last April President Eisenhower spoke to the world on the subject of world tensions. At that time he called for deeds, not words, to prove the will to peace, and, in fact, he cited the Austrian State Treaty as just such a deed—a deed requiring only the simple will to do it. That deed will shine in a world which has become darkened by fear and disillusionment. If the Soviet Union will join us in doing this deed, the whole world will rejoice in the demonstration that our four nations can indeed cooperate to serve the cause of peace and justice. Out of that beginning, greater things could come.

Press release S2 dated February 19

Yesterday afternoon the Soviet Foreign Minister presented us with a rather peculiar sandwich. The top and the bottom of his remarks stressed the necessity for the early conclusion of an Austrian state treaty, which would reestablish a free and independent Austria.³ But in between the top and bottom he inserted some poisonous proposals. They meant that the treaty, instead of reestablishing a free and independent Austria, should establish an Austria without freedom and without independence.

I earnestly hope that these new proposals will be withdrawn, so that we may in fact conclude an Austrian state treaty at this very meeting, as promised in 1943.

The Soviet Foreign Minister's statement completely confirms the view I expressed yesterday that if we adhere to the present draft of the Austrian state treaty there remain only minor differences between us. As the Soviet proposals state, that draft treaty "was in the main agreed among the four powers in 1949." Only five articles remain partially unagreed, and I am confident that with goodwill those articles could quickly be agreed upon. It will not take, as the Soviet Union suggests, 3 months to reach that agreement. It can be reached in 3 days or even less, so that we can in fact conclude the treaty at this conference in accordance with the proposal made yesterday by the three Western powers.

However, the Soviet Union has now introduced new proposals which would totally alter the situation. They would cut the heart out of the proposed treaty and turn the clock back, not to 1949, not to 1947, not even to 1943, but to the darker earlier period, when by Hitler's action Austria seemed hopelessly doomed to be forever the victim of alien occupation.

The Soviet Union proposes to continue the military occupation of Austria "pending the conclusion of a peace treaty with Germany."

Since the Soviet Union has rejected all proposals for the unification of Germany on the basis of free elections, and by its own latest German proposal treats the division of Germany as a semi-permanent condition, the Soviet Austrian proposal would mean an indefinite occupation of Austria. By requiring the withdrawal of all Allied troops from Vienna, while retaining Soviet forces in the Soviet zone, the capital of Austria would thus be left as a defenseless island, surrounded by a sea of Russian soldiers.

That occupation of Austria could never be terminated by any action of her own. It would be wholly within the power of the Soviet Union to prolong the occupation forever merely by perpet-

uating the division of Germany and blocking an all-German peace treaty.

If the Soviet proposal were adopted, it would pervert the Austrian state treaty and require its being rewritten from the preamble to the end.

How could we any longer in the preamble describe the treaty as being one designed to liberate Austria and to make it a free and independent state?

How could we any longer stipulate by article 1 that "Austria shall be re-established as a sovereign, independent and democratic state"?

How could we any longer declare as in article 2 that we "will respect the independence and territorial integrity of Austria"?

Article 33, entitled "Withdrawal of Allied Forces," would be obliterated and have to be replaced by an article entitled, "The Indefinite Military Occupation of Austria."

The treaty would thus become not a treaty for the liberation of Austria, but a treaty for the subjection of Austria.

Proposal for "Neutralization"

A second major and related change in the treaty is proposed by the Soviet Union in terms of subjecting Austria to "neutralization."

A neutral status is an honorable status if it is voluntarily chosen by a nation. Switzerland has chosen to be neutral, and as a neutral she has achieved an honorable place in the family of nations. Under the Austrian state treaty as heretofore drafted, Austria would be free to choose for itself to be a neutral state like Switzerland. Certainly the United States would fully respect its choice in this respect, as it fully respects the comparable choice of the Swiss nation.

However, it is one thing for a nation to choose to be neutral and it is another thing to have neutrality forcibly imposed on it by other nations as a perpetual servitude.

A state subjected to such imposed neutralization is not in fact a sovereign and independent state. Such a demand makes a mockery of the language, which the Soviet proposal retains, that "Austria shall be reestablished as a sovereign, independent and democratic state."

It is difficult to understand why the Soviet Union, at this moment when an Austrian state treaty seemed to be on the point of realization, should now propose provisions which would basically alter the entire character of the treaty and which would violate the Moscow declaration on Austria of Nov. 1, 1943, whereby the three powers, with the subsequent adhesion of France, undertook "to see reestablished a free and independent Austria." If the Soviet proposal were accepted, there would be not a free Austria but an enslaved Austria, not an independent Austria but a subject Austria.

³ For a review of the Austrian treaty question, see BULLETIN of June 8, 1953, p. 805.

If this four-power meeting accepted the Soviet proposal, we would expose ourselves before the world as being morally and politically bankrupt. We would have forfeited all right to the confidence of others in our willingness to fulfill our solemn pledges.

We do not know, we can only suspect, the reasons which prompt the Soviet to make its present proposal. The reasons given are grotesquely inadequate.

Grotesque Soviet Reasoning

It is given as a reason that there is lacking a treaty with Germany whereby Germany undertakes to respect the independence of Austria. It is said that until that undertaking is given, Austria must remain occupied.

The Soviet Foreign Minister would have us believe that during the period when Germany is occupied and totally disarmed—at least in the Western zones—the danger to Austria from Germany is so great that Austria must be occupied to protect it against that German danger, but that once Germany is restored to a unified and independent status, with a national army of its own, then it will be safe to end the occupation of Austria. Such reasoning will not carry conviction anywhere.

A plausible explanation is the fact that article 22 of the treaty of peace with Hungary and article 21 of the treaty of peace with Rumania provide that the Soviet Union may maintain armed forces on the territory of these countries so long as this is needed for the maintenance of the lines of communication of the Soviet Army with the Soviet zone of occupation in Austria.

I can understand that the Soviet Union fears a withdrawal from Austria which would also require it to withdraw its Red armies from Hungary and Rumania.

Is it, however, really decent that little Austria should have to continue to be an occupied state so that the Soviet Union will have a pretext for continuing to occupy also Hungary and Rumania? So cynical an attitude will surely shock the conscience of the world.

We have heard from the Soviet Foreign Minister many words condemning "militarism," but everything which he proposes, whether it be in relation to Germany or in relation to Austria, or indirectly in relation to Hungary and Rumania, shows dependence on military power. No consideration of humanity prevails as against naked force.

The Soviet Minister has introduced in his Austrian proposal a proposal for the four of us to consider the question of Trieste. That proposal is unacceptable to the United States. In any event, it has no proper relationship to the Austrian question. I hope that its introduction does not mean that it is the intention of the Soviet

Foreign Minister to make a conclusion of a state treaty with Austria dependent upon the prior solution of all other European questions, so that the first victim of Hitlerite aggression would automatically be the last to be relieved of the consequences of that aggression.

I earnestly plead with the Soviet Foreign Minister to withdraw the two Austrian proposals which he made yesterday, which, as I say, would completely revolutionize not only the text but also the character of the Austrian state treaty. If he will make that withdrawal, then I have every confidence that the remaining differences, which are very slight, can be composed. Then we could in fact conclude the Austrian state treaty at this meeting of the foreign ministers and crown our efforts here with an honorable success.

STATEMENT OF FEBRUARY 14

Press release 70 dated February 15

Mr. Chairman, I have listened attentively to your presentation and to the proposals which you submitted. Some of the proposals involve technical treaty changes, and I cannot fully appraise them until I have seen the texts. However, I think I have seized the general import of what you have said.

The Austrian treaty which we are considering concluding is a treaty which imposes very heavy economic burdens upon Austria, economic burdens which we believe are not justifiably to be placed upon Austria. But the Austrian Foreign Minister has indicated that his Government is prepared to assume these heavy burdens in order to get independence.

It is the proposal of the Soviet Union as I understand, that Austria should be compelled to make all these payments and then get nothing in the way of independence at all. The whole heart and core of independence is being able, if you want, to have foreign troops off your soil; or, if you want, to invite foreign troops to your soil as allies. Both of these privileges of sovereignty are denied to Austria by the Soviet proposed treaty, so she will have paid, and gotten nothing for what she has paid.

The United States is not prepared to be a party to trying or to compel Austria to pay a great price for independence, and then denying that independence.

We believe that would be a fraud, and we are not prepared to be a party to such a fraud.

The Soviet Foreign Minister makes a very curious argument. He seeks to justify requiring Austria to accept for an indefinite period the presence of foreign troops, which he says are not occupation troops.

But they certainly are occupying Austria.

They do not stay suspended in the air somewhere; they are in Austria. They occupy Austria.

There is no parallel between that and the so-called United States bases, which Mr. Molotov is constantly referring to. If having foreign troops in a country is comparable to a base system, and is as evil as Mr. Molotov suggests, then why does he insist on perpetuating that system and inflicting it upon Austria?

The United States, and France, and the United Kingdom, want the elimination of troops from Austria. That, I would think, would be in line with what the Soviet Foreign Minister professes to be good international policy. But all of a sudden, he is the one who is contending for imposing a base system upon Austria.

It is, however, not a base system if the United States understands it, but something infinitely different and infinitely worse. There is no sovereign state in the whole world where the United States has any troops except at the express invitation and will of the sovereign country which asks us to be there as a contribution to its own defense.

U.S. Rejects Subjugation of Austria

There is really a difference, although the Soviet Foreign Minister seems not to appreciate it, between being in a country at a freely given invitation of that country, and imposing oneself on a country forcefully, which is a form of subjugation. This the United States will have no part of, and it will have no part of it in relation to Austria, and Austria which is subjected to the conditions which the Soviet Foreign Minister proposes would not become the free and independent Austria which all of us have solemnly promised time after time after time.

It would be an indefinitely subjugated country and that would be to make a mockery of all of our promises.

The Soviet Foreign Minister constantly uses the word "temporary" in order to make his proposals sound a little less harsh and brutal than they are.

But "temporary" is a word which, under the conditions which are prescribed, could more accurately be put "indefinitely." I recall the "temporary" nature of the stationing of Soviet forces in Hungary and in Rumania. They were only to stay there until an Austrian treaty would end the Austria occupation. Now that an Austrian treaty is in sight, the Soviet forces are to stay in Austria until there is a German treaty. And no one in the world can tell what new conditions will be imposed if it ever seems likely that there will be a German treaty—rather that the Soviet Union permit the all-German free elections which are the indispensable foundation for a German treaty.

Reference has been made to the reason for the delay in the concluding of a treaty with Austria.

Anyone who is familiar with the record knows that it has been repeatedly made clear to the Soviet delegation over the past several years that the Western allies were prepared to accept the provisions of the treaty, to which we now formally indicate agreement, and every time that that suggestion has been made the Soviet Union has thought up some other reason as to why it could not proceed with the treaty—Yugoslavia, Trieste, the failure to settle its bill for the dried peas. One after the other excuse has been brought up.

Now we could understand that that shabby performance could be carried on at meetings of the deputies, which had largely ceased to attract the public's attention, because they had been going on so many years.

But we really did not think that that performance would be repeated here, at the meeting of the four Foreign Ministers themselves, with the eyes of the world focused on what we do, and that new excuses would be thought up, new reasons given, not to conclude the Austrian treaty, just at the moment when it seemed to be in our grasp.

I really would like to urge on the Soviet Union's Minister that he drop these new proposals, which were never heard of before we came here a few days ago, and allow this great humanitarian task to be completed, redeeming our promise to give freedom and liberation to Austria.

In conclusion, I recall that the United States proposal stated that the United States was prepared to accept certain articles in the form proposed by the Soviet Union on the condition that the four Foreign Ministers would confirm their past acceptance of article 4 and article 33, among others.

The Soviet Foreign Minister has proposed basic changes in both article 4 and article 33, which had previously been accepted. I take it he refuses to confirm their acceptance as proposed by the United States. If that is the case, that would involve a rejection of the United States' proposal, because the United States is not prepared itself to accept the changes in articles 4 and 33 which have been proposed by the Soviet Foreign Minister to impose "neutralization" and continuing occupation.

There are some other changes he has proposed which are technical and on which I do not pronounce myself, dealing only with the two major proposals relating to the change in the previously accepted articles 4 and 33.

STATEMENT OF FEBRUARY 15

Press release 71 dated February 16

I would like first of all to answer the last questions which the Soviet Foreign Minister put. He said, "Do we want collective security in Europe?" The answer to that is, we want collective security everywhere in the world. We have tried to get

that security during the war and postwar years in many different ways.

We tried to get it by the Atlantic Charter, to which all of our governments subscribed. I am afraid none of us can feel that the provisions of the Atlantic Charter have been lived up to, provisions which assure the right of all peoples to choose the form of government under which they will live and to see sovereign rights and self-government restored to those who have been deprived of them.

We tried to get it by the declaration of Yalta, which provided, among other things, a declaration on liberated Europe which provided for the establishment of free governments by the free elections throughout Europe.

And then we tried to get it by the U.N. Charter, which requires all of us, and most of the nations of the world, not to use force against the political independence or territorial integrity of other states.

Why have we not gotten European security and world security out of these documents we have signed? Nothing is wrong in the wording.

What has been wrong is, at least in the opinion of some, that other parties to the agreements have not lived up to these agreements and there has followed a great sense of insecurity in the world because of lack of trust and confidence in men's and nations' will to live up to their pledged word.

That is why there has grown up in the world, in addition to the proposed universal system of the United Nations, other regional collective security arrangements exercising what the charter calls "the collective right of self-defense."

Regional Arrangements Based on Confidence

These special security arrangements do not have any words that add anything not already in the United Nations Charter. The addition which they provide is that they are agreements between nations which, over long periods of time, have come to trust and have confidence in each other. They provide the element of confidence which unfortunately has not been present on a universal basis.

The Soviet Foreign Minister has asked why, if the 21 American nations had made a Rio pact, is it not equally logical that the mysterious "32" nations of Europe should not make a pact if the Rio pact, the pact of the Americas, is not just a regional pact. It is a pact which, as the treaty itself provides, contains this declaration:

Peace is founded on justice and moral order and, consequently, on the international recognition and protection of human rights and freedoms. . . .

Those are not mere words, in the case of the pact of the Americas; that is an expression of reality which has been demonstrated by close association for 150 years. And the ingredient which makes the Rio pact a dependable reality is the fact of

confidence which is based upon 150 years of peaceful association.

And so it is that groups of countries have sought to augment the words of the United Nations Charter with the essential element of confidence based upon long historic association.

That is true of the British Commonwealth of Nations. It is true of the nations which are bound together by the North Atlantic Treaty.

The North Atlantic Treaty is based upon the expressed determination of their peoples to safeguard the freedom, common heritage, and civilization of their peoples, founded on the principles of democracy, individual liberty, and the rule of law.

And those words, again, are not just ink on paper. Those words are the expression of a reality which has been demonstrated over many generations and which are bound not by ink, but by blood which has been shed in protecting that common heritage.

Actions Leading to NATO's Founding

It is suggested that this North Atlantic Treaty is a cause of division. It is clearly evident that history has revealed that the coming into close association of the Western nations is not a cause of disunity, but is caused by the fear and apprehension which, to an increasing degree, seized hold of these countries as the result of actions which occurred elsewhere.

I recall that this postwar coming together had its first major beginning in the Brussels pact of March 17, 1948. I recall, however, that that was preceded by the Communists' armed efforts to overthrow the lawful government of Greece and by the forceable coup d'etat whereby the Czech Government was overthrown and a Communist Government installed in its place.

Then I recall that there was the blockade of Berlin, which brought war very close to Europe.

And it was during that period that the idea of strengthening the Brussels pact by bringing in the United States, Canada, and other countries first was conceived, and that treaty, the North Atlantic Treaty, was then realized in 1949.

Even then, however, it was not thought to be necessary to implement that treaty with any large military organization.

I recall that I was in the United States Senate at the time of the ratification of that treaty, and we did not think it would be necessary actually to implement any large military organization under the Atlantic treaty.

But then came the armed aggression in Korea, in June 1950, followed by the Chinese Communist aggression of November 1950. And these events created fear to such a degree that it seemed necessary to build a sufficient strength in Europe to create a respectable balance of power.

General Eisenhower came over at the end of

December 1950 to be the Supreme Commander of the Allied Powers, and under his inspiration there was developed military strength in Europe. Now that there is at least a reasonable defensible posture in sight, that expense is being leveled off.

I think it would be very difficult for any impartial observer to say that the North Atlantic Treaty, or the organizations under it, have created the division of Europe. It has been responsive to a division of Europe which already existed and the danger of which was accentuated by such events as I have outlined.

The Soviet Foreign Minister has asked us to study and analyze the precise words and drafting of his project. I must say in all frankness that I am not interested in the words. I could heap this table high with past words that are just as fine as the human hand and mind can pen. I have referred to some of them this afternoon. What I ask is, "Will these words bring with them confidence?" The words already exist; they exist in the United Nations Charter. They have existed in many other documents. The essence is not the words, but whether in fact the proposal will bring a confidence which will end the disunity of Europe.

I can say with, I hope, assurance that I will be believed, that there is no international objective which is as dear to the hearts of the American people as real peace and security in Europe. That ought to be our wish, because the lack of that has cost us very dearly and very heavily in the past.

Inadequacy of Formula of Words

I have, however, grown skeptical of the possibility of solving great problems merely by repeating old words or inventing new words. I do not believe, myself, that the division of Europe, which so desperately needs to be cured, can be cured by a formula of words. I believe there are some things which need to be done *first*.

One of the things that needs to be done is to end the division of Germany. Here is a problem which is our own particular problem. It lies here on this table; it is symbolized by the city in which we meet. And yet we seem unable to even make that start in ending the division of Europe.

Mr. Eden has laid before us a plan for the unification of Germany,⁴ a reasonable plan which, unhappily, it seems is not acceptable. And I would be forced in all candor to say that the reasons which make it impossible for us four to agree upon the unification of Germany are precisely the reasons which deprive the fine words which are presented in the Soviet proposal⁵ of the value which I wish deeply they carried.

What is the reason that makes the United

Kingdom's plan unacceptable? It is because it is based upon having supervised free elections in Germany and one of us four is not willing to trust the results of these elections. That is why the perpetuation of the division must go on.

There is unhappily a long history which suggests that the rulers of the Soviet Union are not willing to trust anything which they cannot themselves control. That is the reason, it seems to me, fundamentally why we around this table have been unable to bring about the unification of Germany. And I say if that ground for distrust exists and if there cannot be unity except by control, control by the Soviet Union, then I am very skeptical if any good can come out of the plan which has been submitted by the Soviet Foreign Minister.

STATEMENT OF FEBRUARY 16

Press release 77 dated February 18

Mr. Chairman, for about 2,000 years now there has been a figure in mythology which symbolizes tragic futility. That was Sisyphus, who, according to the Greek story, was given the task of rolling a great stone up to the top of a hill. Each time when, after great struggle and sweating, the stone was just at the brow of the hill, some evil force manifested itself and pushed the stone down. So poor Sisyphus had to start his task over again.

I suspect that for the next 2,000 years the story of Sisyphus will be forgotten, when generation after generation is told the story, the tragic story, of the Austrian State Treaty. Austria was promised its independence 11 years ago. When our forces moved into Austria 9 years ago they announced that they were there only to liberate. Now, year after year has gone by, when we have repeatedly been almost at the point of concluding an Austrian state treaty, and always some evil force manifests itself and pushes the treaty back again. So we have to start again from the bottom of the hill. That is again the tragedy being repeated here today.

I recall that when we were in Moscow in 1947, 7 years ago, an Austrian State Treaty was almost concluded as the result of the work which the deputies had been carrying on in London some 6 months previously, and we thought then that an Austrian state treaty was in sight.

Again it went down to the bottom of the hill. And the deputies worked and worked for the succeeding 2 years, and finally again it seemed to be on the point of realization. And at our meeting in Paris in 1949 it was so near to completion that it seemed that the deputies could conclude it within a few days.

Then began again the series of efforts, and first one excuse after another was brought forward—Yugoslavia, Trieste, the Soviet claim for payment for the dried peas, and finally, when no more excuses could be thought of, the Soviet Union sud-

⁴ *Ibid.*, Feb. 8, 1954, p. 186.

⁵ *Ibid.*, Feb. 22, 1954, p. 270.

denly realized that it was wrong to work on the treaty at all through deputies, and that it all had been a great mistake that the task had been referred to deputies for some 4 years, and, therefore, the whole task had to be withdrawn from the deputies and had to be negotiated through diplomatic channels.

New Soviet Proposals

Now, when we came here with real hope that the Austrian State Treaty could at last be concluded, we were completely taken by surprise to find major new proposals put forward by the Soviet Union.

The most serious of those proposals, because it cuts the heart out of the treaty, is that providing for an indefinite perpetuation of armed forces of alien nations on the territory of the Austrian state.

It is suggested that the reason is, or one of the reasons is the fact that a European Defense Community is proposed.

As I recall, the EDC treaty was signed in May 1952. I do not believe that even the Soviet Foreign Minister would claim that the treaty signed in May 1952 explains the failure for the 3 preceding years to conclude an Austrian state treaty.

And if the European Defense Community treaty of May 1952 was an obstacle to the removal of Soviet troops from Austria, it is indeed surprising and hardly explained why that was kept such a close secret for 2 years, to be sprung on us here just a day or two ago.

It was indeed a rather cruel performance, if in fact that event of 2 years ago completely undermined the proposed Austrian State Treaty, that no inkling of that should be given during this 2-year period. Indeed, that is so incredible that, in the light of all that has transpired during the past 9 years, we must conclude that all we are faced by is another pretext, another excuse, for not carrying out the solemn pledge which assured that Austria would, as quickly as possible, be given its independence as a sovereign state.

Function of Troops in Austria

It is not at all clear to me as to what the relationship is of Soviet troops in Austria to the alleged reasons.

It is said that there is evidence of the development toward an Anschluss. And presumably the Soviet troops are to be there to prevent that.

The evidence of movement toward an Anschluss is reported by the Soviet Foreign Minister as being found in certain Austrian periodicals. Well, I wonder is it to be the function of the Allied troops in Austria to censor the publications of the Austrians, and to be sure that nothing appears in any Austrian periodicals that relates to Anschluss?

We can only surmise as to the functions these troops are to perform. But on the basis of the reasons given it would seem they would have a great role indeed in controlling the printing of the news—perhaps the social order—of the Austrians' supposedly sovereign state.

What are these troops to do? The Soviet Foreign Minister says they are not occupation troops. They certainly, as I said before, occupy part of Austria. They are there to stop Anschluss, which it is said, is rearing its ugly head because it is referred to in publications which, presumably then these troops would suppress.

And there is some evidence, it is said, that in some business circles, they are thinking of economic ties with Germany. Are these troops to have the responsibility of controlling the economic, the commercial life, of Austria? What are they to do there to stop the Anschluss. All of that is very obscure to me.

Another reason given, and to me that is the most curious of all, is that the United States, it is said, has 100 bases in Europe.

Well, let me say first that none of those bases is under EDC, because there is no EDC.

And furthermore, it strikes me as extremely curious to say that because the United States has 100 bases in Europe, therefore it must be compelled to have one more in Austria.

I think that the Soviet Foreign Minister will understand that it is at least excusable if we think, and if much of the world will think, that what is actually under way here is another illustration of the unwillingness of the Soviet Union actually to restore genuine freedom and independence in any area where it has once gotten its grip through the use of its army or otherwise.

The interpretation is forced upon us by the otherwise inexplicable amendments proposed and the lack of any valid justification for them. That is really the tragic aspect of this affair. It throws a somber light upon other problems as well.

The Soviet Foreign Minister referred to the question of the so-called neutralization of Austria, and indicated that I had agreed with, or was not strongly opposed to, the Soviet position in that respect.

I think that the Soviet Foreign Minister must have misunderstood me or perhaps I did not make my position sufficiently clear.

What I have said, as shown by my notes, is this:

A neutral status is an honorable status if it is voluntarily chosen by a nation. Under the Austrian state treaty as heretofore drafted, Austria would be free to choose for herself to be a neutral nation. Certainly, the United States would fully respect Austria's choice in this respect.

However, I went on to say that it is one thing for a nation to *choose* to be neutral, and it is another thing to have neutrality *forcibly* imposed on it by other nations as a perpetual servitude.

The proposed treaty which the Soviet Union

has been considering with us here contains certain articles which the Soviet Union has not objected to. Article 1 says that "the allied and associated powers recognize that Austria is reestablished as a sovereign, independent and democratic state." The essence of sovereignty is to be able to exclude from your country the armed forces of other nations, if you do not want them, and also the essence of sovereignty is to be able to make dependable alliances with other nations, if you so wish. We believe that Austria should have both of these rights, and it is precisely both of these rights which would be denied by the amendments proposed by the Soviet Union. They would, in effect, nullify the provisions of article 1 which I have read, and would equally nullify the provisions of article 2, which says that the "allied and associated powers" will respect the independence and the territorial integrity of Austria.

As I have said here, the United States does not itself maintain any armed forces upon the territory of any other sovereign state except at its expressed request and desire, and only as it so desires. We believe that that sound system should be applied to Austria.

We are not disposed to go along with a treaty which imposes upon Austria a fundamental, basic impairment of the sovereign rights which ostensibly, in the first articles of the treaty, we give to Austria, and then, in later articles, we entirely take away.

Thus, the treaty would in effect become a fraud, offering sovereignty and territorial integrity by the first and second articles, and taking them away by article 4 bis and article 33.

I beg that the Soviet Foreign Minister will permit this treaty to be promptly signed, as he professes he would like to have it signed, by allowing the treaty to be a genuine treaty for the sovereignty and independence of Austria.

STATEMENT OF FEBRUARY 17

Press release 78 dated February 18

I will comment on the observations made by the Soviet Foreign Minister.

He supports his proposal for troop withdrawal in East and West Germany on the basis that this would give satisfaction to the German people.

I am sure he can speak with authority as far as the Eastern Zone is concerned; I doubt whether he can speak with the same authority as far as the Western Zone is concerned.

I can say that there has been no intimation of any kind received from the authorities of West Germany, or from the people of West Germany, that they would like to see the withdrawal of troops of the Western Powers which are in Germany.

On the contrary, there is evidence that there would be very considerable concern if these troops

were withdrawn, given the situation which exists in the East.

Therefore, I am afraid that, while the proposal might give satisfaction in the Eastern Zone, it would not give satisfaction in the Western Zone.

If the Soviet Union is eager to give people satisfaction by troop withdrawals, I would suggest that a good place to begin would be in Austria, where there is no question but what all the people eagerly desire all the troops to be withdrawn. There we are assured of a chance to give satisfaction. The Soviet delegation might give further consideration to that matter and perhaps indicate their acceptance of the Austrian State Treaty when we take that up tomorrow afternoon.

There is, however, a reason more fundamental than any I have indicated so far why the United States does not feel itself able to accept the Soviet proposal which is entitled, "On ensuring European Security." That is the paper which calls for the final withdrawal of forces.

Analogous Case in Korea

What the Soviet Union asks the Western Powers to do, presumably in the name of European security, is what we did under very analogous circumstances in Korea immediately preceding 1950. Our withdrawal in that case did not produce security; it produced war.

Korea, like Germany, was divided. Korea, like Germany, was divided under conditions so that roughly two-thirds of Korea was occupied by Western forces and the other third occupied by the non-Western forces.

The analogy is closer because the indigenous forces in North Korea, like the forces in Eastern Germany, were highly organized and trained, whereas those in Southern Korea and in Western Germany were only police forces.

Moreover, Molotov has questioned Mr. Eden's statements with reference to the East German military personnel. The United States has very reliable information to reveal that the East German military personnel now total 140,200 men under arms. Of this number 100,000 are in the ground forces with an additional 25,000 serving in security formations. There are 7 organized divisions of which 3 are mechanized. Air forces constitute 60 jet fighters manned and trained by 5,000 officers. These forces are commanded by ex-officers of the Nazi Wehrmacht and of the SS. They are additional to 100,000 East German police.

I can assure the Soviet Foreign Minister that there is nothing comparable in West Germany.

There are ample means of access to information so that any one can ascertain that fact readily for himself.

There is in West Germany a total of 150,000 police, none of whom have any more than normal police armament. That number is to be thought

of in terms of the population of the Western Zone, which is, of course, many times that of the Eastern Zone.

The situation in Germany is thus comparable to the situation which existed in Korea prior to 1947. Up to that time the United States had its own armed forces in South Korea; and there was peace. The United States took its troops out of South Korea in 1949, and in 1950 there was war.

It is not necessary at this point to indulge in argument as to just where the responsibility for that war lay. No one can dispute the two facts: First, that the United States troops were taken out; and, immediately following that, there was war.

Therefore, I am sure that Mr. Molotov will understand, even if he does not agree with our state of mind, when we say that we are highly skeptical of a proposal put forward in the name of peace which involves our following the same course of action which, under remarkably similar circumstances, in fact lead to war.

Dangers of Disunited Germany

It is to fly in the face of the teachings of history, and indeed of elemental reasoning to seek peace by continuing the disunity of a people who are bound together by sentiments of patriotism and by ethnic unity.

The way to get peace and promote peace in Europe is not simply to think of various devices whereby we can mitigate the dangers of a disunited Germany. We should seek a united Germany.

That is why I regret that in this topic of item 2 the Soviet Union has gotten lost in its great grandiose scheme, piling words upon words, and it has left the central problem, which is the peaceful unification of Germany.

It is not an accident that the three Western Ministers, under this item 2, have concentrated their attention on the problem of Germany and the creation of a united Germany through free elections. It is because we believe that this goes to the heart of the problem of security for Europe.

We are also convinced that a united Germany should be allowed to develop along peaceful lines of its own choosing. A Germany which is coerced, which is told what it cannot do, is a Germany which almost surely will follow the same course that was followed by the Germany which succeeded the Treaty of Versailles. There the restrictions which were imposed were the very thing that enabled the extreme nationalists to come to power.

Therefore, our second point is that Germany must be allowed to pursue her inclinations so long as these are peaceful and compatible with the security of the rest of us. Since, in fact, Germany wishes to associate herself with the Western

countries of Europe, it is essential to peace that she be allowed to do so. If she had wished to associate herself with the powers of Eastern Europe, we would not have wanted to force her otherwise. The main point is that we should not attempt to apply such a coercion to Germans that they will not feel that Germany is an independent sovereign state. In that way, I repeat, lies great danger.

It is a fact, which all of us who really want peace should eagerly welcome, that certainly the greater part of the Germans want to adopt a course which will end, for at least 50 years, and I believe for all time, a distinctively national army, and equally end the German general staff. The fact that the Germans want to do this gives us a unique opportunity to go to meet them, and to consolidate that present will. That will may not always be with us. If today we reject that will of the German people which goes in the direction of peace, if we try to substitute provisions which will be forcibly imposed upon Germany, if we perpetuate the division of Germany, if we impose limitation and controls of the nature of the Versailles Treaty, then, I say we would be accepting a heavy responsibility before history.

STATEMENT OF FEBRUARY 18

Press release 83 dated February 19

As I speak for the last time at this Conference, I cannot but record a large measure of regret. We have failed to satisfy the hopes which many throughout the world placed in us. I refer particularly to the peoples of East and West Germany and of Austria.

It seems to me that our failures are not however due to lack of effort, or to inadequacies of detail. Our failures are of a kind which could not have been avoided by mere diplomatic or negotiating skills at this conference. We encountered a fundamental difference between the views of the East and the West.

This is not the time or the place to discuss philosophies or creeds. It is, however, important to observe that all of our basic differences here have revolved around the question of whether it was right, or indeed safe, to give man and nations a genuine freedom of choice.

The Western Powers were willing to place trust in the German and Austrian peoples. The Soviet Union was not. Its delegation pointed out that the Germans, if given freedom, might again follow such warlike leadership as was presented by the Kaiser and by Hitler; and that the Austrians, if left alone, might not abide by their solemn engagement to maintain their independence and to avoid absorption by Germany.

The Western Powers realize that no one can know with certainty the use to which men and nations will put their freedom. History records

abuses of freedom. Doubtless it will do so again. Nevertheless, we are convinced that no social system has ever been invented which is better than that which puts its trust in human freedom, guided by education and by religion.

The Soviet delegation, in multiple ways, has made manifest its fear of freedom and its determination, through its occupation forces and its control of election processes, to try to make certain that freedom cannot be exercised in a way which might be prejudicial to it.

That is why, it seems, the Soviet Foreign Minister found it impossible to agree to the unification of Germany through genuinely free all-German elections, as we proposed, and why he has insisted that Soviet troops must remain indefinitely in Austria.

Our discussion of European security has revealed that the Soviet Union believes that its security depends upon maintaining such a huge preponderance of power that every other country of Europe will in fact be subject to its coercion. The Soviet Union opposes any integration of the Western European countries, or any association with the United States, which would create sufficient defensive strength so that the peoples of Western Europe would in fact feel that they are masters within their own homes and can develop their own distinctive ways of life.

"Fear of Freedom"

The Atlantic Charter, to which we all subscribed, called for "freedom from fear." Today, unhappily, the dominant note in much of the world is "fear of freedom." It is the conflict between those two concepts which has made it impossible here to achieve any large measure of agreement.

We are confident that the impasse which we reached here will not be permanent. We do not believe that the peoples of Germany and Austria, or for that matter of other neighboring nations, need to bury their hopes. The Soviet leaders will surely come to see that freedom is not so greatly to be feared. It develops in men a basic respect for the rights of others, a sense of human dignity, a longing for fellowship and community welfare, which are the most solid props of peace.

I am confident that if these basic realities become better understood by the Soviet Union, it will become possible to achieve the free and independent Austria which we promised in 1943, and the unified Germany which, we said in 1945, was a purpose of our occupation.

Progress Made by Conference

Despite our conflicts of basic principle, we have made some progress here.

The four of us have reached an agreement, which we hope will be acceptable to the others

concerned, which will permit the holding of a Korean political conference. The possibility emerges of effecting the unification of Korea, in freedom, as had been promised.

There is also provided the chance, if Communist China wants it, of restoring peace and order in Indochina and thus enabling the three Associated States of Indochina to have freedom and enjoy it in security.

We have agreed to pursue the four-power search for agreement on reduction of armaments, as recommended by the United Nations.

We shall pursue means to alleviate the plight of peoples of Germany and of Austria.

In addition to what we have done here, we have learned much. That has a value which is not to be ignored. It makes it less likely that any of us should by inadvertence and miscalculation do what would risk another war.

This does not mean that the Western nations will suspend the doing of what strengthens freedom and makes apparent its glorious potentials. If this Conference were to result in a paralysis of freedom, then indeed it would be a tragic failure.

The three Western Ministers, each acting freely for his sovereign and independent nation, have found agreement on every aspect of our work. Thus we have exemplified a society of consent. If, in that spirit, our nations go on with others of like mind, to build the strength of freedom, then we shall win, everywhere, respect. It will be shared by all who look to us for leadership, for we shall be guarding and serving their freedom, with our own.

Let me, in conclusion, say a personal word. I thank each of my three colleagues for the clarity and candor of their participations in this Conference and for the uniform courtesy and consideration which each has shown me.

QUADRIPARTITE COMMUNIQUE OF FEBRUARY 18

Press release 84 dated February 19

A meeting of the Foreign Ministers of the United States, France, the United Kingdom and the Soviet Union, John Foster Dulles, Georges Bidault, Anthony Eden, and Vyacheslav Molotov, took place in Berlin between January 25 and February 18, 1954. They reached the following agreements:

(A)

The Foreign Ministers of the United States, France, the United Kingdom and the Union of Soviet Socialist Republics, meeting in Berlin,

Considering that the establishment, by peaceful means, of a united and independent Korea would be an important factor in reducing international tension and in restoring peace in other parts of Asia,

Propose that a conference of representatives of the United States, France, the United Kingdom, the Union of Soviet Socialist Republics, the Chinese People's Republic, the Republic of Korea, the People's Democratic Republic of Korea, and the other countries the armed forces of which participated in the hostilities in Korea, and which desire to attend, shall meet in Geneva on April 26 for the purpose of reaching a peaceful settlement of the Korean question;

Agree that the problem of restoring peace in Indochina will also be discussed at the conference, to which representatives of the United States, France, the United Kingdom, the Union of Soviet Socialist Republics, the Chinese People's Republic and other interested states will be invited.

It is understood that neither the invitation to, nor the holding of, the above-mentioned conference shall be deemed to imply diplomatic recognition in any case where it has not already been accorded.

(B)

The Governments of the United States of America, of France, of the United Kingdom, and of the Union of Soviet Socialist Republics,

Convinced that the solution of international controversies necessary for the establishment of a lasting peace would be considerably aided by an agreement on disarmament, or at least on a substantial reduction of armaments,

Will subsequently hold an exchange of views to promote a successful solution of this problem as provided for in paragraph 6 of the United Nations resolution of November 28, 1953.

The four Ministers have had a full exchange of views on the German question, on the problems of European security and on the Austrian question. They were unable to reach agreement upon these matters.

TRIPARTITE COMMUNIQUE OF FEBRUARY 19

Press release 80 dated February 19

The major problem facing the Berlin conference was that of Germany. The three Western delegations urged that the reunification of Germany should be achieved through free elections, leading to the creation of an all-German Government with which a peace treaty could be concluded. They put forward a practical plan to this end. Their proposals were not accepted by the Soviet delegation, even as a basis for discussion, and they were forced to the conclusion that the Soviet Government is not now ready to permit free all-German elections, or to abandon its control over Eastern Germany.

The three Western Governments will continue their efforts to achieve German reunification in freedom and by peaceful means. In the meantime, they have suggested certain measures which could

reduce the effect of the present division of Germany and its consequences for Berlin. They have proposed that the three High Commissioners should study these questions with the Soviet High Commissioner. As regards Berlin, the three Governments reaffirm their abiding interest in the security of the city as expressed in the Tripartite Declaration of May 27, 1952. They will do all in their power to improve conditions in Berlin and to promote the economic welfare of the city.

The three Western Ministers did their utmost to secure agreement upon the Austrian State Treaty. They accepted the Soviet version of all the remaining disagreed articles. The Austrian Foreign Minister, who was present at all the discussions on this question, declared himself ready to sign the treaty in this form. The Soviet Foreign Minister, however, insisted upon adding new provisions to the treaty. The effect of these would have been to leave foreign troops in Austria for an indefinite period after the entry into force of the treaty, and to impair Austria's right to play her full part in international life.

The treaty could therefore not be concluded in Berlin, despite an Austrian offer accepted by the Western Ministers, that troops of the Four Powers should remain in Austria until the 30th of June 1955. The three Governments are prepared to continue their efforts to conclude the Austrian State Treaty, but progress depends on the Soviet Union modifying its attitude. Meanwhile, they will continue to seek every means of lightening the burden of occupation on Austria.

The three Governments remain ready to take advantage of any further opportunity which may arise to promote, by renewal of the contacts established at Berlin or by other means, a solution of the German and Austrian problems.

The three Ministers explained and reaffirmed the purely defensive character of Western security arrangements.

Offers were made to discuss how the undertakings which already protect the Soviet Union against aggression could be reinforced. The Soviet delegation made no response to these offers. Their own proposals would have involved the dissolution of the Western security system, while the military power of the Soviet bloc in Europe remained intact. The Three Powers do not intend to be deflected from their efforts to develop the system of defense on which their survival depends.

SOVIET PROPOSAL OF FEBRUARY 12 REGARDING AUSTRIA

The Governments of the Union of Soviet Socialist Republics, France, the United Kingdom and the United States of America recognize that the interests of consolidating peace in Europe and the need to ensure the national rights of the Austrian people require an early re-establishment of a free and independent Austria, and that the settlement of the Austrian question should conform to the existing four-power agreements.

Accordingly, the Governments of the four powers have agreed:

1. To instruct the Deputy Ministers for Foreign Affairs to draft within a period of three months a final text of "the state treaty for the re-establishment of an independent and democratic Austria", being guided by the following:

(A) To conclude the preparation of the draft state treaty with Austria which was in the main agreed among the four powers in 1949 and according to which Austria shall be re-established as a sovereign, independent and democratic state, shall be relieved of the control of the four powers, and the existing control machinery—the Allied Commission for Austria and all its bodies—shall be abolished and the occupation of Austria shall be terminated.

(B) To insert into the text of the state treaty with Austria the following additional article:

"Austria undertakes not to enter into any coalition or military alliance directed against any power which participated with its armed forces in the war against Germany and in the liberation of Austria.

"Austria undertakes further not to permit the establishment on its territory of foreign military bases and not to permit the use of foreign military instructors and specialists in Austria."

The Governments of the United States of America, the United Kingdom, France and the Union of Soviet Socialist Republics on their part shall assume the obligation to observe the provisions of this article;

(C) Note shall be taken of the communication of the Soviet Government to the effect that desiring to meet the wishes of the Government of Austria, it agrees that Austria shall pay in the form of goods deliveries the sum which in accordance with Article 35 of the draft state treaty is due to the Soviet Union for the former German assets.

2. In order to prevent any attempts at a new Anschluss, to postpone pending the conclusion of a peace treaty with Germany the withdrawal of the troops of the four powers stationed on the territory of the respective zones of Austria.

To withdraw from the city of Vienna all foreign troops simultaneously with the abolition of the Allied Commission.

The troops of the four powers temporarily left in Austria shall not be occupation troops and shall not perform the functions of occupation nor shall they interfere in the affairs of the Austrian administration and in the social and political life of the country.

The legal status of these troops shall be determined by a special agreement which shall be prepared by the four powers with the participation of Austria and which shall enter into force simultaneously with the coming into force of the state treaty with Austria.

3. To instruct the Deputy Ministers for Foreign Affairs to consider the question of Trieste in connection with the proposal of the Soviet Government that the City of Trieste and the territory adjacent to it shall not be used as a military base.

Czech Flier Requests Asylum After Landing in Germany

Press release 76 dated February 18

The American Embassy at Prague on February 17 delivered a note to the Czechoslovak Ministry of Foreign Affairs in response to two Czecho-

slovak notes dated February 10, 1954, regarding the crew of a Czechoslovak Air Force plane which landed in the U. S. Zone of Germany on February 5, 1954. The plane, which was damaged in landing, was returned on February 11. The pilot, Lt. Frantisek Zavadilik, who wished to go back to Czechoslovakia, was repatriated on February 9. The other crew member, Pfc. Jiri Sorm, initially requested repatriation but subsequently changed his mind and asked for asylum. He refused to see any Czechoslovak official representative. He did, however, hold a press conference on February 15. The Embassy's note answers the false Czechoslovak charges about the treatment of the Czechoslovak fliers by the U. S. authorities.

Following is the next of the Embassy's note:

The American Embassy presents its compliments to the Czechoslovak Ministry of Foreign Affairs and has the honor to refer to the Ministry's notes numbers 171.418/54-ABO/1 and 171.429/54-ABO/1 of February 10, 1954.

The Government of the United States rejects as completely without foundation the allegations and charges made in those notes against this Embassy and the United States authorities in Germany with respect to the crew of that aircraft. The Embassy further specifically rejects the implication contained in the Ministry's note No. 171.429/54-ABO/1 that Lieutenant Zavadilik was returned to Czechoslovakia only "after repeated urgent demands."

On the afternoon of February 6, 1954, the Deputy Minister of Foreign Affairs requested the Ambassador's assistance in obtaining the immediate return to Czechoslovakia of the crew and plane in question. On the morning of the following day, Sunday, February 7, the Ambassador informed the Deputy Minister of Foreign Affairs that the U.S. authorities would immediately deliver the two occupants of the plane at the Czechoslovak-German frontier at a time and place designated by the Czechoslovak authorities and that the U.S. authorities were prepared immediately to make arrangements to return the aircraft. On Monday afternoon, February 8, the Deputy Minister of Foreign Affairs suggested that the two crew members be returned on February 9, 1954, at the Czechoslovak-German border on the Waidhaus-Rozvadov highway. Lieutenant Zavadilik was promptly returned on Tuesday, February 9, as suggested by the Deputy Foreign Minister. In the meantime and before arrangements for repatriation could be completed, Pfc. Sorm had changed his mind and decided not to return to Czechoslovakia. The Ambassador promptly so advised the Deputy Minister of Foreign Affairs on the night of February 8, 1954. It is obvious that, if the U.S. authorities had had any intention at all to interfere with the return of Pfc. Sorm, no such early notification of his intended return would have been given the Czechoslovak Government.

The aircraft was promptly returned on Thursday, February 11, in accordance with arrangements made with the Czechoslovak Government.

The handling by the United States of this case has been in strict accordance with international

usage. In this respect it contrasts sharply with the action of the Czechoslovak Government in June and July 1951 with regard to a U.S. airman and another airman who inadvertently landed their American planes in Czechoslovakia.¹ The Czechoslovak authorities held these airmen incommunicado for some 4 weeks and subjected them to protracted interrogation. The aircraft were likewise held by the Czechoslovak authorities for some 4 weeks.

In the present case both Lieutenant Zavadilik and Private Sorm were completely free at all times to reach their own decisions. Private Sorm has decided he does not desire repatriation, although it has been made clear to him that he may see a representative of the Czechoslovak Government or that he may return to Czechoslovakia if he wishes. Until now Private Sorm has refused to see a representative of the Czechoslovak Government, but should he change his mind the Government of Czechoslovakia will be promptly notified.

Czechoslovakia Plans Wired Radio Network

Czechoslovakia will be blanketed with a wired radio network similar to that of the Soviet Union, Theodore C. Streibert, Director of the U. S. Information Agency, stated on February 16.

"This action by the Czech government is designed as a countermeasure to the increasingly effective Voice of America and other free-world broadcasts such as Radio Free Europe," Mr. Streibert said.

The intention of the Czech Government to introduce this mass-communication control measure was announced in the daily Communist newspaper, *Lidova demokracie*, on January 14, 1954. Such a radio network would transplant to Czechoslovakia the Soviet system of controlled listening. Essentially, it consists of an arrangement by which individuals can plug in radio sets of simple construction which will receive by wire only the official, local radio station carrying Communist propaganda.

It also involves the establishment of a widespread system of loudspeakers installed in public squares, recreation centers, assembly halls, and market places, which listeners can not turn off.

Sporadic efforts have been made in the past to install this control measure in Czechoslovakia, but until now have not been carried out. It is believed that the Czech Government will execute its construction plans this time, Mr. Streibert said.

He pointed out that almost all public speeches made recently by prominent Communist political figures in Czechoslovakia have specifically attacked "hostile broadcasts," usually with an ad-

mission that the contents of such broadcasts are widely believed and spread among the population.

However, installation of a wired speaker system will not keep out foreign radio broadcasts, Mr. Streibert concluded, because there is a radio set for every five persons in Czechoslovakia. Unless the Czech Government takes even stronger measures against the population, or resorts to outright seizure of sets now in operation, the speaker system will not prevent listening to other broadcasts.

Voice of America Popularity Rated

Programs of the Voice of America are the most popular of all Western radio broadcasts among young people in Communist-dominated European countries, closely followed by those of the British Broadcasting Corporation and Radio Free Europe. News programs rate ahead of all other types of radio programs.

These are among findings by the Foreign News Service, Inc., of New York currently undergoing analysis by officials of the U.S. Information Agency.

"The popularity of news behind the Iron Curtain—as affirmed by this private research organization—is in complete harmony with the announced policies of the new U.S. Information Agency," Theodore C. Streibert, Director, commented on February 18.

Mr. Streibert recalled that a decision was made last November to "concentrate on objective, factual news reporting and appropriate commentaries."

The Foreign News Service, Inc., has a contract with the U.S. Information Agency to interview refugees recently arrived from behind the Iron Curtain on listening to Voice of America broadcasts. Current findings covering young people are based on interviews with 110 representative persons among the most recent escapees from Eastern European countries. Their ages ranged from 11 to 26; all but 2 had escaped in 1953; they represented 13 nationalities of 8 countries. All agreed that they took risks to hear the news in listening to the Voice of America, Radio Free Europe, British Broadcasting Corporation, and other free world stations.

Thirty-sixth Anniversary of Lithuanian Independence

Statement by Acting Secretary Smith

Press release 67 dated February 15

We Americans hold this 36th anniversary of the Lithuanian Declaration of Independence in solemn

¹ BULLETIN of June 25, 1951, p. 1019; July 16, 1951, p. 93.

memory. We feel a close tie with the people of Lithuania through a common devotion to freedom and national independence. We sympathize deeply with them in their present distress.

The United States continues to recognize the independence of Lithuania because we know that the present situation in the Baltic States was brought about by direct Soviet aggression and has never been confirmed by the free expression of the will of the peoples concerned. In refusing to recognize the forced incorporation of the Baltic States, the United States remains faithful to the principles to which our Nation has been dedicated since the promulgation of our own Declaration of Independence. If the Soviet Union were to abide by the principles which it professes, no doubt the Baltic peoples would be restored to freedom.

We in the United States know that every Lithuanian celebrates the 36th anniversary of the Declaration of Lithuanian Independence in his own innermost thoughts and prays for the day when he can again demonstrate his love of country as a free citizen of an independent Lithuania. All the experience of history, and especially our own, tells

us that this longing for freedom cannot forever be denied. We know that the cause of national independence and the right of all peoples to governments of their own choosing, supported by the free world, will prove stronger than a tyrannous dictatorship.

Exports to Soviet Bloc

Secretary of Commerce Sinclair Weeks announced on February 10 that it had been decided as a matter of policy to deny commercial export license applications for the export for cash of U.S. Government-owned surplus agricultural or vegetable fiber products to Russia or her satellites.

Secretary Weeks pointed out, however, that this ban does not preclude study of export license application for these nonstrategic products to the Soviet bloc if acquired by exporters in the open market and not from the Commodity Credit Corporation surplus stocks.

Problems of Foreign Economic Policy

by Samuel C. Waugh

Assistant Secretary for Economic Affairs¹

During the past month of January, the first anniversary of the present Administration, many important messages were delivered by the President to the Congress, and in addition two significant publications were released.

The Economic Report of the President, prepared by the Council of Economic Advisers, was submitted to the Congress on January 28, 1954.² A few days previous, Clarence B. Randall, Chairman of the Commission on Foreign Economic Policy, presented his report to the President and to the Congress.³

A recent national poll reported that only 28 percent of the American people had ever heard of the highly controversial Bricker amendment. If that report is correct, I doubt if more than a fraction of one percent will ever read the highly significant publications just released.

Let me hasten to add that these two documents have been scrutinized with eagle eyes by the representatives of every foreign government in Washington, as evidenced by the stream of Ambassadors and their economic advisers who have been

¹ Address made before the Trust Division of the American Bankers Association 35th annual mid-winter meeting at New York, N. Y., on Feb. 8 (press release 55 dated February 5).

² For excerpts from the Economic Report, see BULLETIN of Feb. 15, 1954, p. 219. The full text, entitled *Economic Report of the President Transmitted to the Congress January 28, 1954*, may be obtained from the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C., for 65 cents a copy.

³ For excerpts from the Randall Report, see BULLETIN of Feb. 8, 1954, p. 187. The full text of the report, including dissenting opinions and other statements by individual members of the Commission, may be obtained from the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C., for 35 cents.

On January 30 Chairman Randall transmitted a minority report submitted by Representatives Daniel A. Reed and Richard M. Simpson. The minority report may be obtained from the Superintendent of Documents for 15 cents a copy.

in to ask for clarification, explanations, and procedure. At the outset, let me say I do not think any representative of the Department of State should appear in public to discuss foreign economic problems without assuring his audience on basic fundamental Administration policy, which I regret to report is not always clearly appreciated.

Secretary of State John Foster Dulles has recently said, "The basic purpose of our foreign policy is today what it always has been—to protect the interests of the United States."

And in his State of the Union Message 1 month ago the President said, "At this moment, we are in transition from a wartime to a peacetime economy. I am confident that we can complete this transition without serious interruption in our economic growth. But we shall not leave this vital matter to chance. *Economic preparedness is fully as important to the Nation as military preparedness.*"⁴

The nations of the free world are looking to the United States for leadership in economic preparedness. This was forcefully brought to my attention soon after our arrival in Washington. The subject was discussed by the representatives of the 55 nations attending the annual meeting last September of the International Bank for Reconstruction and Development. We learned upon arrival in Geneva the following week to participate in the annual session of the General Agreement on Tariffs and Trade—and attended by more than thirty countries—and immediately following at the meeting of the Consultative Group for South and Southeast Asia, held in New Delhi, that the question most often asked was: When is the United States going to have a depression, and how serious will it be?

When you realize the extent to which the nations of the free world are dependent upon our domestic economy, you can better appreciate how intensely interested they are to have us remain financially and economically sound.

For this reason the Economic Report of the President has been scrutinized not only by our own economists and businessmen but by our foreign friends as well. The report outlines the Administration's accomplishments of its first year—the role of government—the basis for confidence, as well as measures to be taken to strengthen the economy. The concluding paragraph in the President's transmittal letter reads:

"There is much that justifies confidence in the future. The Government will do its full part to help realize the promise of that future in its program to encourage an expanding and dynamic economy."

May I commend the reading of this Economic Report to all trust officers, but particularly to those charged with the responsibility of investment analysis.

With this brief background I would like to turn to the Report of the Commission on Foreign Economic Policy which has become known, due to its dynamic Chairman, as the Randall Report.

It would be easy to dismiss the Randall Commission Report as just another report. Despite the fact the President proposed and the Congress enacted the resolution creating the Commission, neither are committed in their approach to the Commission's Report. The President and the Congress are completely free to accept, modify, reject, or ignore the Commission's recommendations without inhibition.

In spite of this complete freedom, it is already clear that this is not just another report, but a milestone in the development of this Nation's foreign economic policy. Its influence is already felt in both the executive branch and in the Congress, and there is every reason to believe that the influence will continue to be felt for many years to come. Nations abroad are scanning its pages with care and deliberation. They are seeking to learn the full significance of its statements and implications. The press throughout the world is engaged in analyzing its many aspects. Government officials, affected interests, and thoughtful citizens are giving the report exceptional attention. No, this is not just another report. This may be a taking-off point for a new phase of our economic relations with other nations.

In order to appreciate the role the Randall Commission Report promises to play in the development of this country's foreign economic policy, let us look for a moment at its background.

The last 20 years have made revolutionary changes in the economic and political position of the United States in the world. Not only did we come out of World War II the strongest Nation in the world, but we were the dominant economic and financial power, the only country with sufficient material strength and capacity to rebuild the devastated economies of victor and vanquished states. It was soon apparent that if we wished to live in a healthy, peaceful world, we could do so only by helping to restore war-weary states to economic and political health. Our industrial output, our agricultural production, our financial capacity, our shipping strength, and the vigor of our economy overshadowed those of any other state on this globe. In that historical moment, the future health and well-being of the free world depended upon our assistance. When it became clear that economic recovery alone was not enough for a peaceful and stable world, we had to assume new burdens involved in bringing help to our friends by again taking up heavy burdens of mutual military preparedness.

The Marshall plan and aid programs were phases of our postwar economic relations. Today we are the largest purchaser and the largest seller of goods in the free world, indeed, in the entire

⁴ BULLETIN of Jan. 18, 1954, p. 78.

world. Countries rely upon our exports of wheat, tobacco, cotton, fats, and oils, and other products far more heavily than before the war. By the same token, they find it more important than ever to sell goods in our markets in order to pay for the products they are buying from us. Conversely, our farms, our industries, and our labor forces depend heavily on foreign markets.

New Industrial Relationships

In this connection it is not without significance that the industrial nations of the world emerged from the war with new relationships with the less advanced areas. Nor has the development been all in favor of the so-called underdeveloped areas. For one thing, all of the industrial nations, particularly the United States, have found themselves far more dependent upon imported minerals and other raw materials than ever before. Expanded consumer demands and extraordinary wartime needs have used such great quantities of irreplaceable raw materials that the industrial nations are being forced to turn outside their borders to fill an increasing proportion of their needs. At the same time, new expanding markets have been opening all over the world for the exports of the industrial nations. The peoples of the Far East, Latin America, and Africa have been stirred to new aspirations for economic growth. They are definitely on the march. In the next generation or two, these areas are bound to grow spectacularly by one means or another, and as they grow to draw upon the productive facilities of the industrial nations. New forces exist which may create a level of world trade higher than has ever previously been contemplated.

One added ingredient in the new situation needs to be mentioned. The shock of wartime devastation and the herculean job of reconstruction which many countries faced in the years following the war made them reluctant to abandon the wartime controls they had been forced to assume. They were afraid of rapid change, fearful of competition, uncertain of the future. In the past year, this has changed. There is, as I mentioned, a great deal of talk abroad of the risks of an American recession, but there is developing a new confidence among foreign nations in their ability to meet the trade and payments difficulties which movements in the business cycle could bring. And there is a far wider recognition among governments of the world than ever before in the wisdom of avoiding direct governmental controls in the economy, a much greater appreciation of the hidden costs and the debilitating effects of such controls, and a much greater willingness to expose themselves to the risks of competition in world markets.

The relative position of our country in this changing world is the constant problem. Some of our foreign economic policies have been adapted to

these changes. The process of change and adaptation has been piecemeal and disjointed. Aid programs have been framed under pressure of emergencies, without adequate time to ponder over how these programs fitted together with our tariff policies, our overseas investment policies, our merchant marine policies, or our domestic agricultural policies. At the same time, our tariff policies have developed in their own separate groove; our merchant marine policies have remained in their compartment; our domestic agricultural programs have continued to develop in their particular setting and with their particular set of pre-occupations; and so on. There has been a great deal of hauling and pulling among these programs and very little adaptation among them.

What the Randall Commission has tried to do is to fit these policies together into a reasonably consistent whole. This effort, taken by itself, would not be a spectacular accomplishment. Any student of international economic affairs who was assigned the task might have produced a reasonably coherent proposal reconciling the various programs which make up our foreign economic policy. But the report of the Randall Commission was not written in an ivory tower. It was actually written by a Commission of 17 men chosen from representative fields of American life—business, academic, and government. Ten of the members were drawn from the 2 Houses of the Congress—6 Republicans and 4 Democrats. Seven were drawn from other walks of American life. Collectively, they were able to bring to this study an intimate knowledge of the problems of foreign relations, and of American agriculture, industry, and labor. These 17 men, therefore, framed their views with a full realization not only of what was necessary but also of what was feasible in the development of a foreign economic policy. Viewed in this light, the document must be regarded as quite remarkable.

Naturally, there are dissents and qualifications throughout the report. It would be strange if there were not. Without in any measure attempting to minimize the basis or effect of these dissents, the fact remains the members seem to be largely in agreement that constructive action is desirable in large areas of our foreign economic policy.

The Commission approached its task with "the sobering realization that the policies pursued and the actions taken by the United States in respect to foreign economic policy profoundly influence the destinies of all of the peoples of the world."

Principal Recommendations of the Report

The Randall Report is bound together by a unifying philosophy. The Commission observes that ours is one of the most dynamic, resilient, and creative economies in the world. The strength of our economy, the Commission says, has been due to three fundamental principles: (1) The freest pos-

sible opportunity for individuals to develop their talents and exercise their initiative; (2) the maintenance of a competitive society; and (3) the blessing of a broad, free, internal market for our goods and services. If these factors are the sources of our strength, we would do well to adhere faithfully to them as we play our part in the international economy. This faith dominates the report and motivates many of its recommendations.

With this philosophy as its background, the report commends a series of policies for the United States which, taken all together, might move all nations slowly to a world in which international trade stands at high levels, currencies are readily interchangeable among nations, and governmental interference in international trade and payments is at a minimum.

Some of these movements would be achieved through changes in this country's trade policies, assuming there were like actions on the part of other nations. For instance, we would negotiate with other countries for some moderate and gradual reductions in our tariff levels over the next 3 years, in return for trade concessions on their part. We would negotiate also to reconstitute the General Agreement on Tariffs and Trade as an organization, so that it could serve even more effectively as a forum for improving international trade relations and facilitate the operation of our world-wide trade agreements.

We would amend our "Buy American" policy—the policy of requiring Government agencies to favor domestic producers in the procurements of their supplies; instead, we would allow a foreign bidder greater opportunities to sell to our Government agencies in competition with domestic bidders, particularly where the foreign bidder's Government extended like privileges to Americans. We would maintain the merchant marine at the level that our national security required, but we would do so by direct subsidies rather than by the practice of requiring half of our government-financed cargoes to be carried on our own relatively high-cost ships. And we would take a great many added steps, beyond the significant measures already taken over the past few years, to streamline our customs administration.

The all-important and highly controversial subject of tariffs and trade policy quite naturally is studied at great length. The Commission states that the oral and written submissions in this field exceed in the aggregate all those relating to other fields considered. More than a dozen individual recommendations are offered in the fields of Buy American Act—tariff classification revision—customs simplification—renegotiation of the General Agreement on Tariffs and Trade with subsequent submission to the Congress, to name but a few. And it is in this field that dissents are made in varying degrees.

The Commission does not confine itself to recommendations in the fields of international trade

and services. Its mandate was, in effect, to review the entire foreign economic policy of the United States and it accepted this mandate literally. To the astonishment of most people who followed its work, the Commission during its brief active life succeeded in surveying the whole field. The Commission's report has some significant recommendations on such problems as the nature of our foreign-aid programs, the problem of stimulating international investment, the place of international commodity agreements, the problem of achieving convertible currencies, and various other critical subjects.

The Commission's recommendations on foreign investment are in keeping with the main themes of its report. Due to the interest of you investment officers, perhaps I should enlarge a bit on the approach to foreign investments and the concluding subject of convertibility.

Foreign Investments and Convertibility

American interests and world conditions today call for an outflow of capital from the United States to the backward areas of the world. We must, however, rely principally on private sources to supply this capital. These sources will supply the capital only if they can earn a competitive yield, can be reasonably secure from the risks of political instability, and can be reasonably assured of the right to bring their earnings home. It is for the country which wishes to attract American capital to bring about these conditions. The Commission feels, however, that the United States might also assist in encouraging foreign investment by granting certain tax concessions on foreign earnings and by experimenting with a limited program of guarantees for overseas investments against nonbusiness risks. The tax study is already under way.

The Commission asks when dealing with the subject of convertibility, how can we move toward a world in which governments do not have to license their imports in order to ration their scarce supplies of gold and dollars? And how can we return to a world in which people who earn sterling or francs or guilders or lira can be sure of their right to turn their holdings into dollars, or other foreign currencies whenever they wish? The Commission feels we are in a position to make progress toward this kind of world—not spectacular progress, perhaps, but a steady movement which will reestablish some of the freedoms in international trade of which the world has seen so little since World War II. The Commission feels that the resources of the International Monetary Fund might well be more fully mobilized to support such an effort and suggests, under the proper circumstances, our own Federal Reserve System might be able to provide some limited access for the central banks of other countries to added reserves of gold and dollars.

Future Steps

The report of the Commission on Foreign Economic Policy which I have sketched so briefly outlines some (and I say some) of the problems with which we are confronted. The question is—now that we have the report—where do we go from here? It is not easy to put the answer in a nutshell. Those of us who are on the firing line in the shaping of American foreign economic policy have a sense of having passed a great landmark, with the publication of this report. We have a sense of having moved far since this Administration took office a year ago. We all recall the insistent public demands that have continued throughout the past year, that one aspect or another of the existing foreign economic policies of the United States should be overhauled.

It would have been easy at the time, though in the end it might have been disastrous, either to junk the programs that then existed or to camouflage them with a new gloss. But President Eisenhower would do neither. Despite the insistent pressure for immediate action, he sponsored the deliberate and extensive review which the Randall Commission undertook. The results of that review, in my opinion, fully justify the President's decision.

The President has announced publicly that Chairman Randall has agreed to return this coming week to serve as a White House adviser. This in itself is reassuring to those who have been so anxiously awaiting this report. The appointment of Mr. Randall is only the first step. The President has indicated that the Administration will submit recommendations to the Congress with respect to the Randall Report. What the Congress may choose to do with these recommendations, and what it may choose to do on its own, I cannot predict. However, there is every reason to expect that by the end of this congressional session the whole field of American economic foreign policy will have been canvassed and recanvassed, both in the executive branch and in the Congress. This, of course, means that the general public too will discuss these problems and bring its influence to bear upon their solution. This is only another way of saying that the President, the Congress, and the general public have now reached the point where they are to make their decisions with respect to the Randall Commission recommendations.

America's Economic Leadership

The Randall Commission and its report have heightened my appreciation of the enormous significance of the economic leadership of the United States in the free world. When I attended the GATT meetings in Geneva last fall and when consulting with leaders in Europe and in the Near East, and when, prior to the issuance of the report, in conversations with Ambassadors and representatives of other countries in Washington, the dis-

cussions inevitably turned to the Randall Report. The tariff arrangements of the 34 countries in GATT were postponed for a year in anticipation of the recommendations of the Randall Report. The Trade Agreements Act was extended for 1 year by our Congress pending the report of the Randall Commission. Actions of governments, here and abroad, have been conditioned by the expectation that the Randall Commission would make pronouncements affecting the actions referred to.

If anyone has ever doubted the fact, it is now crystal clear that American leadership is not confined to resisting overt aggression abroad and internal subversion at home. Without belittling these for a moment, an equally important challenge is the economic leadership we exercise in the world. Unless defense efforts and political stability are combined with economic stability, there is no true security. Both our allies and ourselves must build on a sound economic base if our way of life is to prevail.

But in a broader sense, and even in a selfishly national sense, we must build on a cooperative basis. Our 160 million people, out of a world population of 2½ billion—800 million of which live under Soviet domination—make us realize that strong and resourceful as we are, we can best achieve security in cooperation and combination with others. We do not have sufficient resources at our own command to meet the worldwide threat of communism. It is precisely in this area where the Randall Commission's Report poses some of its most fundamental meanings.

A strong economy, governed by enlightened economic policies, has its immediate bearing upon strong and healthy defense arrangements abroad, whether these are with the Atlantic area or with the lands of our southern neighbors, or with the countries of the Pacific Ocean. The free world still must and does rely upon us. We are constantly reminded that cyclical economic fluctuations of a minor character here in the United States have a major impact abroad. And the eyes of our partners in the free world are unswervingly fixed upon our economy in constant preoccupation with what will happen to them if our economic situation changes even slightly.

That, my friends, is the significance of enlightened economic foreign policies of the United States; that is the significance of the Randall Report and any actions that may be taken in pursuit thereof. I am sure you will agree that we find an unusual responsibility thrust upon us. We must help to solve the problems of underdeveloped countries. A failure to do so will affect not only our own relations with those countries, but also our relations with other nations still uncommitted in the struggle between the free and the slave worlds.

It is my own conviction that a tremendous challenge confronts the United States, its government and people, at the present moment in

the field of foreign economic policies. Without meaning to overdramatize the world situation today, I must confess that several times during the writing of this paper the words of the great emancipator came to me—"You may nobly save, or meanly lose, this last best hope of earth. Other means may succeed; this could not fail."

International Bank Makes Loan in Ecuador

The International Bank for Reconstruction and Development on February 10 made a loan of \$8,500,000 for a highway construction program in Ecuador. The program is designed to stimulate the development of agricultural production in the Province of Guayas and neighboring parts of the coastal region.

This is the bank's first loan in Ecuador. It was made to the Comité Ejecutivo de Vialidad de la Provincia del Guayas, an autonomous local authority, charged with responsibility for developing a road system for the Province of Guayas and port facilities for Guayaquil. The loan is for a term of 10 years and bears interest of 4½ percent per annum, including the 1 percent commission which will be allocated to the bank's special reserve. Amortization will begin on March 1, 1958. The loan is guaranteed by the Government of Ecuador.

The coastal region lying in Guayas and neighboring provinces produces most of Ecuador's cotton, rice and sugar, as well as the bulk of the chief export crops—bananas, cacao and coffee. The region comprises about 17 million acres of land. It is extremely fertile but only about 1.25 million acres are under cultivation. The chief obstacle to further cultivation is the difficulty of transportation in the area. Existing roads are for the most part unpaved and become impassable in the 5-months wet season, with the result that perishable produce is wasted. Transportation costs of export crops from production centers to the ports, even in dry weather, are extremely high, in some instances as much as 200 percent of the value of products at their source.

Under the highway construction program, eight of the existing roads radiating from Guayaquil, Ecuador's largest city and its most important port, will be converted to all-weather highways. The individual roads to be built under the program will have a total length of about 365 miles. The roads are to be integrated with a national highway network being planned by the National Government and will contribute toward making year-round transportation possible between Guayaquil and Quito, Ecuador's two chief cities. The program also includes (a) the construction of a central maintenance shop for the repair and overhaul of construction equipment; (b) the building of a

suspension bridge over the Daule River which will be the first suspension bridge as well as the longest bridge in Ecuador; and (c) the acquisition of car ferries for use between Guayaquil and Duran. The inauguration of ferry service will for the first time make possible the transportation of trucks, automobiles and possibly railroad cars between these two cities. Duran is across the Guayas River from Guayaquil and is the terminus of the railroad from Quito, the capital, and of many important roads.

The new highways can be expected to open new lands to cultivation and to permit the more effective use of lands now under cultivation. Past experience in Guayas Province shows that land in the vicinity of new highways is immediately cleared for cultivation and that the construction of feeder roads quickly leads to the development of new lands. It is estimated that by the time the project is completed, production of Ecuador's export crops will have increased by about 50 percent over recent levels and that the resulting increases in foreign exchange earnings will be substantially more than will be needed to service the bank's loan.

The program is expected to take about 4 years to complete. It will cost a total of 179 million sueres (equivalent to \$11.8 million) including the foreign exchange component being financed by the bank.

Export-Import Bank Loan to New Zealand

The Export-Import Bank of Washington on February 13 announced authorization of a loan of \$16 million to the Government of New Zealand to assist in financing the purchase of U.S. materials, equipment, and services for the Murupara project for the production of lumber, chemical pulp, and newsprint in that country.

The total cost of the Murupara project is estimated at the equivalent of about \$84 million. Of this amount, approximately \$41 million will be required for the lumber, chemical pulp, and newsprint mills to be constructed for and operated by the Tasman Pulp and Paper Company, Ltd., which initially will receive temporary financial backing from the New Zealand Government. The remaining \$43 million will be required for the ancillary services, such as housing and expansion of railway, power, and harbor facilities, which will be provided by the Government itself.

About one-third of the loan will provide the dollar exchange with which the Tasman Pulp and Paper Company, Ltd., will obtain materials, equipment, and services in the United States for use in the mills now under construction. With the remaining two-thirds of the loan the New Zealand Government will finance purchases in the United

States of materials, equipment, and services for the various ancillary facilities which are being furnished by that Government in connection with the Murupara project.

Advances under the credit will be repaid in 20 semiannual installments beginning in November 1956. Interest on outstanding balances at 4¾ percent per annum will also be payable semi-annually. It is expected that the funds for this loan will be obtained from private financing institutions in the United States under the bank's guarantee.

Queen Mother Elizabeth To Visit United States

White House press release dated February 17

The President and Mrs. Eisenhower have invited Queen Mother Elizabeth of England to be their guest at the White House for 3 days this November during her projected trip to this country. The Queen Mother, who is paying an informal visit to the United States from about October 29 to November 11, will stay at the White House November 4 to November 6.

The Queen Mother has accepted an invitation to attend Columbia University's Charter Day Convocation on October 31, celebrating the issuance in 1754 of the Charter of King George II which founded the Institution. On November 3 she will attend the annual dinner of the English Speaking Union in New York where she will accept the proceeds of the King George VI Memorial Fund, established to provide scholarships for British students in American institutions.

Preliminary Talks With Coal and Steel Community

Press release 87 dated February 20

The U.S. Government and the High Authority of the European Coal and Steel Community have been holding preliminary talks during the past months concerning a loan by the United States to the Community. These talks had their origin in the view expressed by President Eisenhower in June 1953 that financing of a portion of the High Authority's investment program by the U.S. Government or one of its agencies would foster European integration in a tangible and useful way.¹

The U.S. Government and the High Authority have now agreed to open negotiations in Washington next month to determine the concrete ways in which such support will be extended.

¹ BULLETIN of June 29, 1953, p. 927.

Fisheries Commission Selects Headquarters

The International North Pacific Fisheries Commission announced on February 5 its decision to locate its headquarters for the time being at the University of British Columbia in Vancouver, B. C. In selecting Vancouver, the Commission accepted an offer of temporary facilities from the University of British Columbia. Similar offers had been made by the Japanese Government, the Canadian Government's fishery research station at Nanaimo, B. C., and the University of Washington at Seattle.

The Commission's headquarters will be located on the edge of the Pacific Ocean, the area with which it is concerned, close to several Canadian and U.S. fishing ports of first importance. The headquarters will also be close to several major marine research institutions studying the fisheries of the North Pacific Ocean. These institutions are the Canadian Government's research station at Nanaimo, B. C.; the International Pacific Salmon Fisheries Commission at New Westminster, B. C.; the International Pacific Halibut Commission in Seattle; the Fisheries Research Institute of the University of Washington in Seattle; and the Pacific Salmon Investigations of the United States Fish and Wildlife Service in Seattle.

Joint Communiqué by Turkey and Pakistan

Press release 81 dated February 19

The U. S. Government warmly welcomes the announced intention of the Governments of Turkey and Pakistan "to study methods of achieving closer friendly collaboration in the political, economic, and cultural spheres as well as of strengthening peace and security in their own interest as also in that of all peace-loving nations." This forward-looking step should provide increased assurances that these and other countries in the area will be able to maintain the independence they so highly prize. No nation standing alone can obtain adequate security at bearable cost. This principle has already been accepted and applied throughout most of the free nations of Europe, North and South America, and the Western Pacific.

The Secretary of State reported last spring on his return from a trip through the Near East and South Asia that he found certain countries of the area concerned at the dangers which threatened them and others in the free world.¹ He also reported that he found some desire for a collective security system in the area, but emphasized that

¹ BULLETIN of June 15, 1953, p. 831.

such a system should be designed and grow from within out of a sense of common destiny and common danger. It is evident that the proposal of these two Governments is of this character and constitutes a constructive step toward broadening the base of the collective strength of the free world.

New Foreign Relations Volume Deals With Near East, Africa

Press release 66 dated February 15

The Department of State released on February 15 *Foreign Relations of the United States, 1936, Volume III, The Near East and Africa*. This vol-

ume has sections dealing with Afghanistan, Egypt, Ethiopia, Iran, Iraq, Liberia, Morocco, Palestine, Syria and Lebanon, and Turkey.

Volume III, The Near East and Africa is the first to be published in the series of five volumes for 1936. The other volumes of this series will be released during the next few months. Volume III was compiled in the Historical Division by Francis C. Prescott and the late Morrison B. Giffen under the direction of E. R. Perkins, editor of *Foreign Relations*. Technical editing was in charge of Elizabeth A. Vary, Chief of the Foreign Relations Editing Branch of the Division of Publications. Copies of this volume (LXI, 542 pp.) may be purchased from the Superintendent of Documents, U.S. Government Printing Office, Washington 25, D. C. for \$3 each.

The Development of United States Policy in the Near East, South Asia, and Africa During 1953: Part II

by Harry N. Howard

The Problems of Palestine

The United States was faced with a number of problems from Palestine during the course of 1953, problems which had been well characterized by Secretary Dulles in his address of June 1, following his visit to the Middle East. In general, four specific problems arose, some of them of long standing: (1) the problem of Jerusalem; (2) the Arab refugees; (3) the Qibiya incident; and (4) the dispute over the Israel hydroelectric project in the Israel-Syrian Demilitarized Zone.

With regard to the problem of Jerusalem, Secretary Dulles stated on June 1:³¹

Jerusalem is divided into armed camps split between Israel and the Arab nation of Jordan. The atmosphere is heavy with hate. As I gazed on the Mount of Olives, I felt anew that Jerusalem is, above all, the holy place of the Christian, Moslem, and Jewish faiths. This has been repeatedly emphasized by the United Nations. This does not necessarily exclude some political status in Jerusalem for Israel and Jordan. But the world religious community has claims in Jerusalem which take precedence over the political claims of any particular nation.

EDITOR'S NOTE. For part I of this article, see BULLETIN of February 22, page 274. Part III, dealing with Mutual Security and assistance programs, will appear in a subsequent issue.

³¹ BULLETIN of June 15, 1953, p. 832.

Nevertheless, on July 10 the Israel Government announced that the Foreign Ministry, as long planned, was henceforth to be in Jerusalem rather than Tel Aviv, despite the resolutions of the General Assembly of November 29, 1947, December 11, 1948, and December 9, 1949.³² The original intent to move the capital to Jerusalem had been announced as early as February 1, 1949. In spite of a request for explanations by the Palestine Conciliation Commission on September 20, 1949 and a protest by the Trusteeship Council on December 20, 1949, government offices had been moved piecemeal to that city. Reiterating the position which it had announced on July 9, 1952, the Department of State declared on July 11, 1953:³³

The Department was informed on July 10 by the Israeli Government that it intends to transfer its Foreign Ministry from Tel Aviv to Jerusalem as of July 12, 1953.

The United States does not plan to transfer its Embassy from Tel Aviv to Jerusalem. It is felt that this would be inconsistent with the U.N. resolutions dealing with the international nature of Jerusalem and that it would not observe the solution regarding Jerusalem which was set forth in the Secretary of State's address of June 1, 1953.

³² See U.N. Resolutions 181 (II), 194 (III), 303 (IV).

³³ BULLETIN of July 20, 1953, p. 82.

The Israel Government stressed both the "practical" character of the transfer and the historical tradition of Jerusalem. On July 16, all the Arab States sent identical letters of protest to the Secretary-General of the United Nations. Secretary Dulles dealt with the problem in his press conference on July 28, noting that the United States had made its feelings known to the Israel Government on two prior occasions, in July 1952 and March 1953, when Israel was requested not to transfer the Foreign Ministry to Jerusalem. He added:³⁴

... We believe that it would embarrass the United Nations, which has a primary responsibility for determining the future status of Jerusalem. You may recall that the presently standing U.N. resolution about Jerusalem contemplates that it should be to a large extent at least an international city rather than a purely national city. Also, we feel that this particular action by the Government of Israel at this particular time is inopportune in relation to the tensions which exist in the Near East, tensions which are rather extreme, and that this will add to rather than relax any of these tensions.

The Secretary also indicated that these views were shared by a considerable number of other governments which were concerned with the development of an atmosphere of peace and good will in the Near East.³⁵

On September 2, 1953, in response to a letter of July 16 from the Israel Foreign Ministry, the United Nations Conciliation Commission for Palestine drew the attention of the Israel Government to the position which it had "adopted in the past on the question of the transfer of ministries of the Israel Government to Jerusalem, in the light of the special status accorded that city by the relevant decisions of the General Assembly." Among other things, the Conciliation Commission noted its letter of March 30, 1949, in which it had advised the Israel Government that transfer of certain ministries and departments to Jerusalem "would be incompatible with paragraph 8 of the General Assembly Resolution of 11 December 1948 which resolved that the Jerusalem area should be accorded special and separate treatment from the rest of Palestine and should be placed under effective United Nations control."

Another problem which developed in the fall of 1953, and for which it proved difficult to find a solution at the time, involved a hydroelectric project on the Jordan River at Banat Ya'qub, in the Israel-Syrian Demilitarized Zone. Sponsored by the Israel Government Water Planning Authority,

the project was based on a concession granted to the Palestine Electric Corporation on March 5, 1926; work was begun on September 2, 1953. The Syrian Government on September 21 asked the Israel-Syrian Mixed Armistice Commission to halt the work, charging that the project would dry up some 12,000 acres of Syrian land by diverting the Jordan waters.³⁶ As Chief of Staff of the United Nations Truce Supervision Organization, Gen. Vagn Bennike called for a cessation of work on the project on September 23, as long as an agreement was not arranged.³⁷ Foreign Minister Moshe Sharett of Israel contested the Bennike view on September 24 and declared that "in the specific circumstances of the present case no issues exist which call for such agreement, and consequently the continuation of the work cannot be made conditional thereon."³⁸ In a reply of October 20, General Bennike repeated his views as to both the economic and the military consequences of the project and noted his authority in the matter under article VII of the General Armistice Agreement.³⁹

While this problem was developing, there occurred the raid of Israel forces on the Jordan village of Qibiya on October 14-15, in which some 250 soldiers were involved, according to the Mixed Armistice Commission, and in which some 53 Arab men, women, and children were killed. On October 18 the Department of State announced:⁴⁰

The U.S. Government has the deepest sympathy for the families of those who lost their lives in and near Qibiya during the recent attack by Israeli forces. The shocking reports which have reached the Department of State of the loss of lives and property involved in this incident convince us that those who are responsible should be brought to account and that effective measures should be taken to prevent such incidents in the future.

The U.S. Government has been increasingly concerned at the mounting tension along the frontier between Israel and the neighboring Arab States. It is for this reason that it initiated the recommendation and subsequently, in concert with the British and French Governments, decided to request the Security Council to consider, at the earliest possible date, the situation on the frontiers, to include a direct report by Gen. Vagn Bennike, Chief of Staff of the United Nations Truce Supervision Organization.

Secretary Dulles, Foreign Secretary Eden, and Foreign Minister Bidault considered the Qibiya incident at their London meeting of October 16-18; their final communique included the following:⁴¹

The Foreign Ministers noted with grave concern the recent incidents culminating in Israeli armed action of October 14 in Qibiya, which, according to their information, resulted in serious loss of life and property inside Jordan.

³⁴ *Ibid.*, Aug. 10, 1953, p. 177.

³⁵ On Aug. 4, representatives of Arab States with the exception of the Minister of Jordan, protested both to the Foreign Office in London and to the Department of State in the United States. The Israel Embassy at Washington on Aug. 5 issued a long statement defending the transfer. There was some speculation as to what the Soviet Union would do when, according to an agreement reached in July, it resumed diplomatic relations with Israel; it is interesting to note that the Soviet envoy paid a visit to Foreign Minister Sharett in Jerusalem on December 2, 1953.

³⁶ U.N. doc. S/3093.

³⁷ U.N. doc. S/3122.

³⁸ U.N. doc. S/3122, Annex II.

³⁹ *Ibid.*, annex III. For the Israel-Syrian Armistice of July 20, 1949, see U.N. doc. S/1353/Rev. 1.

⁴⁰ BULLETIN of Oct. 26, 1953, p. 552.

⁴¹ *Ibid.*, p. 546. For the request to the Security Council, see U.N. docs. S/3109, 3110, 3111.

They recalled the tripartite declaration of May 25, 1950, affirming the determination of their Governments immediately to take action, within and outside the United Nations, to prevent any violation of frontiers or armistice lines.

They have therefore jointly requested an urgent meeting of the Security Council to consider the tension between Israel and the neighboring Arab States, with particular reference to recent acts of violence and to compliance with and enforcement of the general armistice agreements.

Two days later, in an address before the New York Herald-Tribune Forum on October 20, Secretary Dulles noted the action taken and, recalling that the United States had "played an essential part in creating the State of Israel," declared that "this was clearly an occasion to invoke the concept of decent respect for the opinion of mankind as represented by the United Nations."⁴² The Jordan Government had already appealed to the Security Council on October 16, noting that the Mixed Armistice Commission had condemned the attack and had called on Israel to take immediate steps to prevent a recurrence.⁴³

But there were now other aspects of the problem. On October 20 Secretary Dulles announced at his press conference that the United States, since September 25, had been withholding an allocation of Mutual Security funds to Israel because Israel was acting in defiance of the United Nations by trying to divert water from the Jordan; he declared that this decision was not based on acts such as the attack on Qibiya. Mr. Dulles indicated that the action taken would not affect technical cooperation funds and stated that of some \$33 million in military assistance, set aside for the countries of the Near East, no allocations had yet been made. On October 23 Mr. Dulles explained that assistance to Israel had been deferred—⁴⁴

because it seemed to us that the State of Israel should respect General Bennike's decision, and that as long as the State of Israel was acting in defiance of that decision, it was questionable at least as to whether we should make the allocation. I might add we recognize that there was a right of appeal from General Bennike's decision to the Security Council, but we felt that pending the exercise of that appeal it would have been better that the work be suspended unless General Bennike agreed that it could go on without prejudice to the interests which he thought were jeopardized on the part of Syria.

On October 27, however, Ambassador Abba Eban announced in the Security Council that Israel was agreeing to a temporary suspension of work in the demilitarized zone.⁴⁵ The next day, October 28, Secretary Dulles recommended to President Eisenhower that a grant of \$26,250,000

⁴² BULLETIN of Nov. 2, 1953, p. 588.

⁴³ U.N. doc. S/3113. The Security Council actually met on Oct. 19-20 to consider the problems of Palestine, but became involved in a procedural wrangle concerning Trieste and did not get to the Palestine issue until Oct. 27. See U.N. docs. S/PV. 626-628; S/3116, 3118, 3119.

⁴⁴ BULLETIN of Nov. 2, 1953, p. 589. See also the Secretary's comment of Oct. 27 (BULLETIN of Nov. 16, 1953, p. 674, footnote 1).

⁴⁵ U.N. doc. S/PV. 631, pp. 2-3.

in economic aid to Israel be made for the first 6 months of the current fiscal year, on the ground that the policy of the United States to support the United Nations Truce Supervision Organization in this matter had been realized "and the impediment to the present grant of economic aid to Israel" had been removed.⁴⁶

By this time the Security Council was giving serious consideration both to the Qibiya incident and to the problem of the Israel-Syrian Demilitarized Zone. General Bennike presented a thorough report on the Qibiya incident to the Security Council on October 27, together with detailed written responses to questions, which were submitted formally on November 3, 1953. The Bennike report estimated that between 250 and 300 well-trained Israel soldiers carried out this operation with small arms, automatics, incendiary and demolition bombs, and Bangalore torpedoes, among other types of equipment. His statements made it clear that, although the Qibiya incident was not to be isolated from others in which both Israelis and Jordanians had been involved in the past, nevertheless, because of the size of the forces employed and the loss of life and damage involved, it was of outstanding and major significance. Up to the middle of October, the Mixed Armistice Commission had found Israel guilty of 21 violations of the Armistice Agreement during 1953, and Jordan of 20 violations. Israel and Jordan representatives had submitted figures to the Armistice Commission to the effect that some 108 Israelis had been killed and 108 wounded, with 243 Jordanians killed and 147 wounded since 1949; the Commission, however, was able to verify only 31 Israelis killed and 31 wounded, and 79 Jordanians killed and 59 wounded, between 1949 and mid-October 1953.⁴⁷

There appeared to be little question as to the facts in the case, despite the Israel Government's denial on October 19 that Israel armed forces had taken part in the raid. Discussion in the Security Council got under way on November 9.⁴⁸ Ambassador Eban reviewed the problem on November 12,

⁴⁶ BULLETIN of Nov. 16, 1953, p. 674. See also the President's statement at his news conference on Oct. 28, 1953.

⁴⁷ For General Bennike's report, see U.N. doc. S/PV. 630, pp. 3-22; for his responses to questions, see U.N. doc. S/PV. 635, annex, pp. 1-55. The Israel representative had charged before the Commission that 89 Israelis and 68 Jordanians had been killed on Israel soil since 1949, and 101 Israelis and 18 Jordanians wounded. The Jordan representative had charged that 19 Israelis and 175 Jordanians had been killed on Jordanian territory during this period, and 7 Israelis and 129 Jordanians wounded. Ambassador Eban, among other things, charged that 421 Israelis had been killed and wounded between May 1950 and August 1953 (see U.N. doc. S/PV. 637, pp. 2-48, 54-78, Nov. 12, 1953).

⁴⁸ See especially the remarks of Sir Gladwyn Jebb, Henri Hoppenot, and Ambassador Lodge in U.N. doc. S/PV. 635, pp. 17-24, 25, 26. For text of Ambassador Lodge's statement, see also BULLETIN of Nov. 9, 1953, p. 648. The discussion as a whole may be followed in U.N. docs. S/PV. 635, 637, 638, 640, 642, 643.

stressing Arab hostility toward Israel, emphasizing the constant problem of Arab infiltration across the Jordan-Israel armistice line, and detailing the loss of life and property as a result thereof, from the Israel point of view. While regretting the loss of life at Qibiya, he was "astonished at our people's general record of patience under unparalleled tension," and denied that Israel armed forces had been involved. Mr. Eban believed that the Security Council should devote its attention to what he deemed the basic causes of the problem and should attempt to bring about peace.⁴⁹ Ambassador Charles Malik, of Lebanon, who followed, contested the entire Israel point of view, declared that it was not at all supported by the Bennike report, and urged the Council to take strong action to prevent a repetition of such incidents.⁵⁰ Dr. Yusuf Haikal, the representative of Jordan, adopted a similar tone on November 16.⁵¹

On November 18 the United States, the United Kingdom, and France circulated a draft resolution with regard to the Qibiya incident,⁵² which recalled previous resolutions of the Security Council of July 15, 1948, August 11, 1949, and May 18, 1951, and found that the "retaliatory action at Qibiya taken by armed forces of Israel on 14-15 October 1953 and all such actions" constituted a violation of the cease-fire provisions of the Security Council resolution of July 15, 1948, and were "inconsistent with the Parties' obligations under the General Armistice Agreement and the Charter." The draft resolution also expressed "the strongest censure" of the Israel action, which could "only prejudice the chances of that peaceful settlement which both Parties" were "bound to seek," and called upon Israel "to take effective measures to prevent all such actions in the future." Note was also taken of the problem of infiltration into Israel from Jordan, and the latter was requested "to continue and strengthen the measures" already being taken to prevent "such crossings." Moreover, the draft recalled the obligations of Israel and Jordan, under the resolutions of the Security Council and the General Armistice Agreement, to prevent acts of violence. Emphasis was placed on their obligation to cooperate fully with the Chief of Staff of the Truce Supervision Organization, who was requested to consider the best ways of strengthening the Organization and to report, within 3 months, with appropriate recommendations "on compliance with and enforcement of the General Armistice Agreements with particular reference to the provisions of this resolution."

There was considerable criticism of the resolution after its presentation on November 20 by the

sponsoring powers.⁵³ The Arabs were critical, largely because the resolution contained no specific provision for compensation or for punishment of the perpetrators. Sir Zafrulla Khan of Pakistan had no doubt that Israel had been guilty of grave violations, and he felt it the duty of both Israel and Jordan to live up to their obligations under the armistice agreements.

Ambassador Eban on November 24 expressed grave misgivings concerning the draft resolution,⁵⁴ charging the authors thereof with unfairness to Israel, repeating the Israel thesis as to the inaccuracy of the Bennike report on the Qibiya incident, and regretting the alleged abandonment of the "invariable policy" of the Security Council of calling upon the Governments concerned "to negotiate a final settlement of all questions outstanding between them." Mr. Eban noted that, on November 23, he had invoked article XII of the Israel-Jordan Armistice Agreement and asked Secretary-General Dag Hammarskjöld to call a meeting of Israel and Jordan representatives at the United Nations for direct and immediate negotiations to prevent a further impairment of peace and security in the Near East. Ambassador Eban's remarks "produced a painful impression" on M. Hoppenot, of France, because they cast a reflection on the motives of the sponsors of the resolution.

However, partially to meet the Israel position, the resolution was modified by the addition of a final paragraph; in this form it was approved on November 24 by a vote of 9-0-2 (Lebanon, U. S. S. R.). The new paragraph requested the Chief of Staff to report to the Security Council within 3 months with appropriate recommendations as to compliance with an enforcement of the General Armistice Agreements, taking into account any agreement reached in pursuance of the Israel request under article XII of the Israel-Jordan Armistice Agreement.⁵⁵ Notwithstanding his views on the resolution as a whole, Ambassador Eban expressed his pleasure at this addition when he spoke on November 25.

Ambassador Malik of Lebanon, who spoke in explanation of his abstention, gave his own analysis of the problem and, among other things, indicated that from the Arab point of view, there could be peace negotiations if (1) Israel respected the Armistice Agreements; (2) the resolutions of the United Nations with respect to Palestine were implemented; and (3) the Arabs were so strength-

⁴⁹ U.N. doc. S/PV. 640. Sir Gladwyn Jebb indicated in his statement that he was "quite unable to accept the account that Mr. Eban gave us of this problem," and M. Hoppenot expressed agreement. For text of Ambassador Wadsworth's statement, see BULLETIN of Dec. 14, 1953, p. 839.

⁵⁰ U.N. docs. S/PV. 642, pp. 2-24; S/3140.

⁵¹ U.N. doc. S/3139/Rev. 2; for text, see BULLETIN of Dec. 14, 1953, p. 840.

⁴⁸ U.N. doc. S/PV. 637, pp. 2-48, 54-78.

⁴⁹ *Ibid.*, pp. 78-111.

⁵⁰ U.N. doc. S/PV. 638, pp. 2-37.

⁵¹ U.N. doc. S/3139.

ened that they would not feel that they were "at the mercy of Israel."⁵⁶

As for the Israel hydroelectric project in the Israel-Syrian Demilitarized Zone, the Security Council was unable to agree on a resolution before the end of 1953.⁵⁷ During the course of the discussion Ambassador Eban took the position that the project was a constructive one, did not injure Syrian interests in any way, would fit into more general projects for water utilization, and was within the framework of the Israel-Syrian Armistice Agreement. Ambassador Farid Zeineddine of Syria on the other hand, with support from Sir Zafrulla Khan and Ambassador Malik, contended that the rights of Syria, both in an economic and in a military sense, were infringed, that Israel had no "sovereignty" in the demilitarized zone under the Armistice Agreement, that work could not be carried on without Syrian agreement, and that General Beunike's authority in the matter should be explicitly upheld. A draft resolution noting the situation, upholding the authority of the Chief of Staff, and requesting and authorizing him "to explore possibilities of reconciling the interests" involved, was presented by the United States, the United Kingdom, and France, on December 21, 1953. But it was clear that it did not command a substantial majority and was threatened with a veto on the part of the Soviet representative, Andrei Vyshinsky, now fishing in the troubled waters of the Jordan. Nor was the Council able to reach a decision later in December or in January 1954, despite modifications in the draft resolution. When the vote came on January 22, there were seven in favor, two against (Lebanon and the U. S. S. R.), and two abstentions (Brazil and China), the Soviet representative having cast his country's 57th veto.⁵⁸

On the other hand, the General Assembly approved (52-0-5) a resolution on November 27, 1953, which extended the United Nations Relief and Works Agency for Palestine Refugees in the Near East and maintained the projects fund previously authorized at \$200 million, the total pro-

⁵⁶ U.N. doc. S/PV. 643, pp. 7-12, 13-20, 43-63. For an additional Arab complaint concerning an incident of December 18, 1953, see U.N. doc. S/3157.

It may be observed that the Soviet representative made no statement at all concerning the Qibiya incident.

⁵⁷ The discussion as a whole may be followed in U.N. docs. S/PV. 629, 631, 633, 636, 639, 645, 646, 649-656. For statements by Ambassador Lodge and text of the three-power draft resolution, see BULLETIN of Jan. 11, 1954, p. 58; for a statement by Ambassador Wadsworth, see *ibid.*, Feb. 22, 1954, p. 297.

⁵⁸ On Jan. 28, 1954, the Israel representative requested urgent consideration by the Security Council of the Israel complaint against Egypt concerning (a) enforcement by Egypt of restrictions on the passage of ships trading with Israel through the Suez Canal; and (b) interference by Egypt with shipping proceeding to the Israeli port of Elath on the Gulf of Aqaba, in violation of the Security Council's resolution of Sept. 1, 1951 and of the Egyptian-Israeli General Armistice Agreement of February 24, 1949. See U.N. docs. S/3168 and Add. 1.

gram being established at \$292,800,000. The Advisory Committee, at the same time, was authorized to increase its membership by two.⁵⁹ Moreover, the Conciliation Commission for Palestine was able to report some progress during 1953 with respect to the problem of blocked refugees' accounts in Israel, noting that there had been some 3,200 applications, that some 1,590 had been approved for payment, and estimating that, when all applications had been processed, the total value of payments would amount to about £750,000.⁶⁰

The Problems of Morocco and Tunisia

Other difficult problems which came before the Eighth Session of the General Assembly, and which involved U.S. relations both with France and with the States of the Arab world, were those of Morocco and Tunisia.⁶¹ Although the United States was unable to support the draft resolutions submitted on these questions by certain Arab-Asian states (neither draft obtained the necessary two-thirds majority in the General Assembly), its attitude was explained in Committee I.

Thus, on October 13, 1953, Ambassador Lodge noted that the "aspirations of peoples who are not now independent toward self-government always evoke sympathy and support from Americans," in view of their "basic traditions." But he did not consider that the Moroccan issue was one which

⁵⁹ U.N. doc. A/2558. For the Report of the Director of the United Nations Relief and Works Agency for Palestine Refugees in the Near East and the Special Report of the Director and the Advisory Commission see U.N. docs. A/2470, A/2470/Add. 1. For the American position concerning the Arab Refugee Program see (1) *Palestine Refugee Program. Hearings before the Subcommittee on the Near East and Africa of the Committee on Foreign Relations, United States Senate*, 83d Cong., 1st sess., May 20, 21, and 25, 1953; (2) statement by Acting Secretary Smith, May 20, 1953, BULLETIN of June 8, 1953, p. 822; (3) statement by Representative James P. Richards in the *Ad Hoc Political Committee of the General Assembly* on Nov. 4, 1953, BULLETIN of Nov. 30, 1953, p. 759; (4) *Palestine Refugee Problem. Report of the Sub-Committee on the Near East and Africa, Foreign Relations Committee on The Problem of Arab Refugees from Palestine*, July 24, 1953 (Committee print); (5) *Palestine Refugee Program, Background Information for Study of the Palestine Refugee Program. Staff Memorandum for Subcommittee on Near East and Africa* (Committee print); (6) Interim Report of the Special Near East Refugee Survey Commission, Dec. 11, 1953, BULLETIN of Jan. 18, 1954, p. 95.

⁶⁰ U.N. doc. A/2629; U.N. Conciliation Commission for Palestine, 13th Progress Report (for period from 28 Nov. 1952 to 31 Dec. 1953), pars. 2-14.

⁶¹ BULLETIN of Nov. 2, 1953, p. 610. For background, see H. N. Howard, "The Problems of Tunisia and Morocco in the Seventh Session of the General Assembly," BULLETIN of Mar. 9, 1953, p. 359, and Henry A. Byroade, "The World's Colonies and Ex-Colonies: A Challenge to America," *ibid.*, Nov. 16, 1953, p. 655; see also Ambassador Lodge's statement of Aug. 27, 1953, when the United States opposed inscription of the problem on the agenda of the Security Council (BULLETIN of Sept. 7, 1953, p. 325). See also U.N. docs. A/2405, 2406, 2526, 2530. For Maurice Schumann's statement, see U.N. doc. A/PV. 445, pp. 153-157.

endangered international peace and security, nor that the General Assembly was "equipped to act as a court, to adjudicate the various claims which have been made by various parties concerning events in Morocco." But it could be hoped that France and Morocco would "move continually closer together in achieving self-government for the people of Morocco." Moreover, Ambassador Lodge was encouraged by the statement of Maurice Schumann to the General Assembly on September 25, in which he described the French proposals for reform in Morocco as to elected representative assemblies, independence of the judiciary, protection of the rights of the individual, and legal freedom for labor unions. Ambassador Lodge hoped that any action in the General Assembly would "promote an atmosphere" in which France and Morocco would "move continually closer in effectuating self-government for the people of Morocco."⁶¹

Similarly, in connection with the Tunisian problem, David W. Wainhouse explained in Committee I on October 26⁶² that the United States looked forward "to increasing self-government for Tunisia" and was convinced "that this objective should be attained through harmonious agreement between France and Tunisia." In the American view, however, the proposed resolution was "not likely to advance this objective." As Ambassador Lodge explained in the plenary session of the General Assembly on November 11,⁶³ the United States favored "the ideal of self-government," and believed that "negotiations between the French and Tunisians" were "the best approach to the solution of this question." The General Assembly, he argued, should encourage, not discourage, such negotiations, and resolutions which exacerbated "the relations between the French and the Tunisians" were "not calculated to further the objective of bilateral negotiations and therefore in our view tend to defeat their proper purpose."

The Kashmir Problem

Although the United States was not directly involved with the problem of Kashmir, between India and Pakistan, it was much interested in an equitable solution of this issue, which had troubled the relations of these two countries since 1947.⁶⁴

⁶² BULLETIN of Nov. 23, 1953, p. 730.

⁶³ *Ibid.* See also the statement by Representative Frances P. Bolton in Committee IV on Oct. 19, on "Educational Needs in Non-Self-Governing Territories," BULLETIN of Nov. 16, 1953, p. 686, for broader aspects of the problem.

⁶⁴ See especially BULLETIN of Jan. 12, 1953, p. 73; Dec. 29, 1952, p. 1028; Apr. 13, 1953, p. 523. See also the Fifth Report by the U.N. representative for India and Pakistan, U.N. doc. S/2967, excerpts of which are reprinted in BULLETIN of May 11, 1953, p. 694. In general see also *Report of Special Study Mission to Pakistan, India, Thailand, and Indochina*, Committee on Foreign Affairs, House of Representatives, May 6, 1953. 83d Cong., 1st sess., Committee print; *Pakistan: Faith Builds a New*

The problem was the subject of direct negotiations during the course of 1953; the discussions of Indo-Pakistan expert committees, according to a communique of December 29, centered on the following questions:

1. Numbers and character of armed forces to be maintained in the State;
2. Local authorities in charge of administration in the area west and north of the cease-fire line;
3. Safeguarding of rights in the State according to the resolution of the U.N. Commission for India and Pakistan of August 13, 1948;
4. Mechanism for certifying that tribesmen and Pakistani nationals have been withdrawn from the State in accordance with the U.N.C.I.P. resolution;
5. Creation and maintenance of a peaceful atmosphere before and during the plebiscite.

Stassen Visits Southeast Asia and Pacific

Director of Foreign Operations Harold E. Stassen left from Washington National Airport on February 12 on his first trip to Southeast Asia and the Pacific as Director of the Mutual Security Program. Mr. Stassen planned to go to Japan, Korea, Formosa, and Indochina, then to Manila on February 21 for a 5-day conference with the directors of Foa missions in the Far East region.

In the countries he visits, Mr. Stassen will talk with officials of the governments and with U.S. representatives, and observe firsthand the application of U.S. operations to the country's problems and the progress being made. At the Manila conference, the problems of the region as a whole will be discussed.

This is the fourth conference at which Mr. Stassen has assembled mission directors from a geographical region to discuss Foa operations in support of U.S. foreign policy. The previous meetings were held in Paris for Western Europe, in Istanbul for the Near East, South Asia and African region, and in Lima for the Latin-American region.

U.S. Operations Missions in Korea, Formosa, the Associated States of Indochina, Thailand, Indonesia, and the Philippines will be represented at the Manila meeting.

Force in Asia (Department of State publication 4977); *India: A Pattern for Democracy in Asia* (Department of State publication 5095).

It may be noted that on February 19, 1954, Turkey and Pakistan announced a mutual agreement to promote closer political, economic and cultural ties, in which they undertook to strengthen "peace and security in their own interest, as also in that of all peace-loving nations." On February 22, Prime Minister Mohammed Ali announced that Pakistan had requested American military aid under terms of the American mutual assistance legislation.

Indian Custodial Forces in Korea Commended

White House press release dated February 19

Following is the text of a personal message from President Eisenhower delivered by Ambassador George V. Allen to Prime Minister Nehru of India on February 19:

DEAR MR. PRIME MINISTER: Now that the mission of Indian troops is drawing to a close in Korea, I want to express to you my appreciation and that of my countrymen for the performance of the Indian Custodial Forces.

No military unit in recent years has undertaken

a more delicate and demanding peacetime mission than that faced by the Indian forces in Korea. The vast majority of prisoners placed in their charge had from months of imprisonment and uncertainty become highly nervous and volatile. The confidence inspired by the exemplary tact, fairness and firmness shown by the Indian officers and men led by their two able commanders, Lt. General Thimayya and Major General Thorat did much to alleviate the fears and doubts of these prisoners. The performance of these officers and their troops was fully in keeping with the high reputation of the Indian Army. They deserve the highest commendation.

With best wishes,
Sincerely,

DWIGHT D. EISENHOWER

INTERNATIONAL ORGANIZATIONS AND CONFERENCES

Calendar of Meetings ¹

Adjourned During February 1954

Who Executive Board and Committee on Administration and Finance: 13th Meeting.	Geneva	Jan. 12-Feb. 2
UN Seminar on Housing and Community Improvement	New Delhi	Jan. 21-Feb. 17
FAO Indo-Pacific Fisheries Council: 5th Session	Bangkok	Jan. 22-Feb. 5
Meeting of the Four Foreign Ministers	Berlin	Jan. 25-Feb. 18
UN ECAFE Committee on Industry and Trade: 6th Session	Kandy (Ceylon)	Jan. 26-Feb. 5
First Meeting of the International North Pacific Fisheries Commission.	Washington	Feb. 1-12
UNICEF <i>Ad Hoc</i> Policy Committee of Executive Board	New York	Feb. 1-5
UN Economic Commission for Asia and the Far East (ECAFE): 10th Session.	Kandy	Feb. 8-18
UN ECLA Committee of the Whole	Santiago	Feb. 8-18
UN Technical Assistance Committee Working Party	New York	Feb. 8-11 and 18
ICAO North Atlantic Ocean Weather Stations: 4th Conference	Paris	Feb. 9-23
Tenth International Exhibition of Sports Motion Pictures	Rome	Feb. 15-28
GATT <i>Ad Hoc</i> Committee on Intersessional Business	Geneva	Feb. 18-19
UN Ecosoc Committee on Non-Governmental Organizations	New York	Feb. 23-26

In Session as of February 28, 1954

UN Petitions Committee (Trusteeship Council)	New York	Jan. 12-
International Exhibition on Low-Cost Housing	New Delhi	Jan. 20-
UN Trusteeship Council: 13th Session	New York	Jan. 28-

¹ Prepared in the Division of International Conferences Feb. 19, 1954. Asterisks indicate tentative dates. Following is a list of abbreviations:

Who—World Health Organization; UN—United Nations; FAO—Food and Agriculture Organization; ECAFE—Economic Commission for Asia and the Far East; UNICEF—United Nations Children's Fund; ECLA—Economic Commission for Latin America; ICAO—International Civil Aviation Organization; GATT—General Agreement on Tariffs and Trade; Ecosoc—Economic and Social Council; ILO—International Labor Organization; UNESCO—United Nations Educational, Scientific and Cultural Organization; WMO—World Meteorological Organization; ITU—International Telecommunication Union; ICEM—Intergovernmental Committee for European Migration; PASO—Pan American Sanitary Organization; NATO—North Atlantic Treaty Organization; UPU—Universal Postal Union; CIGRE—Conférence Internationale Des Grands Reseaux Electriques.

Calendar of Meetings—Continued

In Session as of February 28, 1954—Continued

ICAO Council: 21st Session	Montreal	Feb. 2-
UN ECOSOC Commission on Human Rights: 10th Session	New York	Feb. 22-
FAO Working Party of Experts on Agricultural Surpluses	Washington	Feb. 23-
ILO Governing Body: 124th Session	Geneva	Feb. 27-

Scheduled March 1–May 31, 1954

Tenth Inter-American Conference	Caracas	Mar. 1-
UNICEF Executive Board and Program Committee	New York	Mar. 1-
UN ECAFE Third Regional Conference of Statisticians	New Delhi	Mar. 1-
International Exposition in Bogotá	Bogotá	Mar. 1-
UN High Commissioner for Refugees: 4th Session of Advisory Committee	Geneva	Mar. 2-
International Cinema Festival	Mar del Plata (Argentina)	Mar. 6-
UN ECOSOC Technical Assistance Committee	New York	Mar. 8-
ICAO Communications Division: 5th Session	Montreal	Mar. 9-
UN Economic Commission for Europe (ECE): 9th Session	Geneva	Mar. 9-
UNESCO Executive Board: 37th Session	Paris	Mar. 10-
Working Group of National Experts on Collection of Manpower Statistics by Sample Survey	Geneva	March (first week)
Panama International Commercial Exposition	Colón	Mar. 20-
UN ECOSOC Commission on Status of Women: 8th Session	New York	Mar. 22-
WMO Eastern Caribbean Hurricane Committee of Regional Association IV (North and Central America)	Trinidad	Mar. 24-
ILO Advisory Committee on Salaried Employees and Professional Workers: 3d Session	Geneva	Mar. 29-
UN Economic and Social Council (ECOSOC): 17th Session	New York	Mar. 30-
Sixth Pan American Highway Congress: Provisional Committee	Caracas	March
ITU International Telegraph Consultative Committee (CCTR): Study Group XI	Geneva	March*
UN ECOSOC Statistical Commission: 8th Session	Geneva	Apr. 5-
Conference on Caribbean Trade Promotion	Trinidad	Apr. 6-
Joint ILO/WHO Committee on the Hygiene of Seafarers: 2d Session	Geneva	Apr. 9-
32d International Milan Fair	Milan	Apr. 12-
Second International Congress on Irrigation and Drainage	Algiers	Apr. 12-
Third International Exhibition of Drawings and Engravings	Lugano	Apr. 15-
UN ECOSOC Commission on Narcotic Drugs: 9th Session	New York	Apr. 19-
ICEM Seventh Session of Committee	Geneva	Apr. 20-
ICEM Finance Subcommittee	Geneva	Apr. 20-
ICEM Permanent Staff Regulations Subcommittee	Geneva	Apr. 22-
ICAO Conference on Coordination of European Air Transport	Strasbourg	Apr. 21-
UNESCO Intergovernmental Conference on the Protection of Cultural Property in the Event of Armed Conflict	The Hague	Apr. 21-
14th International Congress of Military Medicine and Pharmacy	Buenos Aires	Apr. 21-
Fourth International Congress of Prehistoric and Protohistoric Sciences	Madrid	Apr. 21-
PASO Executive Committee: 22d Meeting	Washington	Apr. 22-
Lyon International Fair	Lyon	Apr. 23-
Post Armistice Political Conference on Korea	Geneva	Apr. 26-
International Conference on Oil Pollution of the Sea and Coasts	London	Apr. 26-
NATO Ministerial Session of the Council	Paris	April*
ITU Administrative Council: 9th Session	Geneva	May 1-
International Exhibition of Industry	Tehran	May 1-
UPU Meeting of Executive and Liaison Committee	Lucerne	May 3-
International Rubber Study Group: 11th Meeting	Colombo	May 3-
UN International Law Commission: 6th Session	Geneva	May 3-
WHO Seventh Assembly	Geneva	May 4-
Meeting of International Sugar Council	London	May 5-
American International Institute for the Protection of Childhood: Annual Meeting of Directing Council	Montevideo	May 10-
ICAO Special Middle East Regional Communications Meeting	In region	May 11-
UN Conference on Customs Formalities for Importation of Private Vehicles and for Tourism	New York	May 11-
International Conference on Large Electric High Tension System (CIGRE): 15th Session	Paris	May 12-
International North Pacific Fisheries Commission: Meeting of Committee on Biology and Research	Tokyo	May 15-
International Fair of Navigation	Naples	May 15-
Caribbean Commission: 18th Meeting	British Honduras	May 17-

Calendar of Meetings—Continued

Scheduled March 1–May 31, 1954—Continued

FAO 3d Conference on Mechanical Wood Technology.	Paris.	May 17–
UN ECAFE Regional Conference on Water Resource Development.	Tokyo.	May 17–
ILO Governing Body: 125th Session	Geneva.	May 24–
WHO Executive Board: 14th Meeting	Geneva.	May 27–
Eleventh International Ornithological Congress	Basel.	May 29–
Tenth International Congress of Agricultural and Food Industries.	Madrid.	May 30–

Developments in Trust Territories in Africa

Statements by Mason Sears

U.S. Representative in the Trusteeship Council¹

PROGRESS IN THE CAMEROONS

U.S./U.N. press release dated February 10

In discussing the territory of the French Cameroons, the main point we would like to emphasize—and we think it is the overriding issue—is the rapid political and economic progress which is taking place throughout the highly populated areas of West Africa.

It has become a classic example of what can be done where there is a will to cooperate between peoples of greatly differing languages and backgrounds, and will contribute enormously to the final settlement of the colonial issue.

But the nature of this progress is such that we cannot blind ourselves to the complications which could arise if self-government was being achieved by some peoples of West Africa while not yet being fully attained by others.

We believe that, if such a situation is allowed to drift and becomes unduly prolonged, it will create many difficulties and will ultimately provide fertile territory for alien-controlled agitators, disguised as local patriots, to introduce Communist activity which officially aims to take over every nationalist movement it can reach.

To put it another way, it is our judgment that the expected early emergence of nationhood for the Gold Coast and Nigeria, including final self-determination for the British Trust areas of Togoland and the Cameroons, will have a very far-reaching effect upon adjoining territories.

This means that, as time goes on, French judgment with respect to the rate of progress best suited to the welfare of their part of the Cameroons is destined to become of greater and greater

importance, not only in the trust territory but throughout Africa.

It is our opinion that it will have a profound effect upon the ability of colonial administrators everywhere to harness orderly evolution to the constantly accelerating forces of African nationalism.

However, after listening to the discussion of the last few days, we are satisfied that the efficient, well-informed administrators in the French Cameroons are fully aware of the implications of forthcoming developments in neighboring territories. We are confident that they are prepared to make sound decisions which will recognize the political realities of the times and that they will not permit the progress of the people in their trust territories to differ importantly from adjoining areas.

In conclusion, we must congratulate the French administration for the many fine contributions which they are making to progress in the Cameroons.

We are happy to believe that the Cameroons, in their turn, will become self-governing at an early date and that they, too, will use their self-governing powers to advance the cause of freedom in this important part of the world.

ELECTIONS IN THE GOLD COAST AND BRITISH TOGOLAND

U.S./U.N. press release dated February 17

The United States delegation is well aware that the approaching election in the Gold Coast and British Togoland will have an enormous influence on the progress of self-government all over Africa.

¹Made on Feb. 10 and Feb. 17 in the Trusteeship Council.

But curiously enough, the early prospect of self-determination for these important British colonial areas was not well received by a number of delegates to the recent General Assembly.

To a delegation like mine, which represents a Nation that has championed the cause of independence all over the world, it seemed regrettable and surprising that any members of the United Nations, outside the Soviet bloc, would oppose the exercise of self-determination anywhere, let alone a trust territory.

Apparently their objections, which were in no way Communist-inspired, were based on a fear that the coming elections in Togoland would somehow work to the disadvantage of the two trust territories in their progress toward self-government.

My delegation takes a very different view. We have followed West African affairs closely and are entirely confident that, within a year or two at most, the Gold Coast, for example, will become completely free—as free, in fact, as Australia, New Zealand and India, or the United States.

But the important point which should satisfy every free member of the United Nations is that the coming elections will provide the voters with freedom of choice.

They may vote to join the Gold Coast, or they may vote to join French Togoland. This means we will soon see a very practical demonstration of African self-determination in action, and it seems to us that it deserves enthusiastic support.

Mr. President, I would like to emphasize two points which influence my delegation on the subject of orderly progress toward self-government:

First, we consider that the urge for home rule or self-determination is the most powerful political force of our time.

And, second, we believe that the essence of that urge is not what is chosen but the right to choose.

These are the two great commandments on which all political progress is based.

They lead us to conclude that the best way to deflate the colonial issue is to make a good start toward self-determination in West Africa, and we want you to know that we will support to the hilt every move in that direction.

In conclusion, it is the view of my delegation that the decision of the United Kingdom to introduce full adult suffrage in British Togoland and to provide an opportunity for the inhabitants to participate in an election which will doubtless indicate their views about the future status of their territory represents statesmanship of a high order and is in full accord with the principles of the trusteeship system.

Senate Confirmations

The Senate on January 25 confirmed the following:

Preston Hotchkis to be the U.S. representative on the U.N. Economic and Social Council.

March 1, 1954

Abbott McConnell Washburn to be Deputy Director of the U.S. Information Agency.

C. Tyler Wood to be Economic Coordinator (special representative for Korea).

The Senate on February 5 confirmed the following:

Whiting Willauer to be Ambassador to Honduras (press release 57).

Philip K. Crowe to be U.S. representative to the 10th session of the Economic Commission for Asia and the Far East.

Mrs. Oswald B. Lord to be U.S. representative on the Human Rights Commission of the Economic and Social Council of the U.N.

THE CONGRESS

Current Legislation on Foreign Policy

83d CONGRESS, 1st SESSION

Security—United Nations. Hearing before the Permanent Subcommittee on Investigations of the Senate Committee on Government Operations Pursuant to S. Res. 40. Part 2, September 15, 1953, pp. 69–80.

Activities of United States Citizens Employed by the United Nations. Hearing before the Subcommittee to Investigate the Administration of the Internal Security Act and Other Internal Security Laws of the Senate Committee on the Judiciary. September 24, 1953, part 3, pp. 495–579; September 25, 1953, part 4, pp. 581–642.

Merchant Marine Studies. Hearings before a Subcommittee of the Senate Committee on Interstate and Foreign Commerce Pursuant to S. Res. 41. Part 2—San Francisco, October 21, 22, and 23, 1953, pp. 679–1199.

Korean War Atrocities. Hearing before the Subcommittee on Korean War Atrocities of the Permanent Subcommittee on Investigations of the Senate Committee on Government Operations Pursuant to S. Res. 40. Part 1, December 2, 1953, pp. 1–75; Part 2, December 3, 1953, pp. 77–148, 148a.

Transfer of Occupation Currency Plates—Espionage Phase. Interim Report of the Committee on Government Operations Made by its Senate Permanent Subcommittee on Investigations, Subcommittee on Government Operations Abroad, Pursuant to S. Res. 40. December 15, 1953, 16 pp.

83d CONGRESS, 2d SESSION

Thirty-seventh Annual Report of the United States Tariff Commission, 1953. H. Doc. 278, 66 pp.

Reports To Be Made to Congress: Letter from the Clerk of the House of Representatives Transmitting a List of Reports which it is the Duty of any Officer or Department To Make to Congress. H. Doc. 273, January 6, 1954, 37 pp.

The State of the Union. Address of the President of the United States Delivered Before a Joint Session of the Senate and the House of Representatives Relative to

the State of the Union. H. Doc. 251, January 7, 1954, 13 pp.

An Organizational Survey of the International Bank for Reconstruction and Development. Presented by Mr. Capehart, Chairman, Senate Committee on Banking and Currency. S. Doc. 86, January 7, 1954, 10 pp.

Legislative History of the Export-Import Bank of Washington. Presented by Mr. Capehart, Chairman, Senate Committee on Banking and Currency. S. Doc. 85, January 7, 1954, 20 pp.

Review of the United Nations Charter: A Collection of Documents. Presented by Mr. Wiley, Chairman of the Subcommittee on the United Nations Charter of the Senate Committee on Foreign Relations, pursuant to S. Res. 126. S. Doc. 87, January 7, 1954, XIII, 895 pp.

Mutual Defense Treaty with Korea. Message from the President of the United States Transmitting a Mutual Defense Treaty Between the United States of America and the Republic of Korea, Signed at Washington on October 1, 1953. S. Exec. A, January 11, 1954, 8 pp.

Korean War Atrocities. Report of the Senate Committee on Government Operations Made Through its Permanent Subcommittee on Investigations by its Subcommittee on Korean War Atrocities pursuant to S. Res. 40. S. Rept. 848, January 11 (legislative day, January 7), 1954, 27 pp.

Mutual Defense Treaty with Korea. Hearings before the Senate Committee on Foreign Relations on Executive A, 83d Cong., 2d sess., a Mutual Defense Treaty Between the United States of America and the Republic of Korea, Signed at Washington on October 1, 1953. January 13 and 14, 1954, 58 pp.

Report on the Foreign Service Retirement and Disability Fund, Fiscal Years 1952 and 1953. Message from the President of the United States transmitting a Report by the Secretary of State, Showing the Condition of the Foreign Service Retirement and Disability Fund for the Fiscal Years Ended June 30, 1952 and 1953, pursuant to section 862, Foreign Service Act of 1946 (P. L. 724, 79th Cong.). H. Doc. 297, January 14, 1954, 3 pp.

Report on Trade Agreement Escape Clauses. Message from the President of the United States Transmitting a Report on the Inclusion of Escape Clauses in Existing Trade Agreements, Pursuant to Subsection (B) of Section 6 of the Trade Agreements Extension Act of 1951 (P. L. 50, 82d Cong.). H. Doc. 296, January 14, 1954, 2 pp.

Tenth Semiannual Report on Educational Exchange Activities. Letter from Chairman, the United States Advisory Commission on Educational Exchange, Department of State, Transmitting a Semiannual Report of All Programs and Activities Carried on Under the Authority of Section 603 of Public Law 402, 80th Congress. H. Doc. 294, January 14, 1954, VII, 49 pp.

Activities of the Senate Committee on Government Operations. Report of the Senate Committee on Government Operations, 83d Congress, Presented by Mr. McCarthy. S. Rept. 852, January 18 (legislative day, January 7), 1954, 14 pp.

Report of the President of the Commodity Credit Corporation, 1953. Message from the President of the United States Transmitting the Report of the Commodity Credit Corporation for the Fiscal Year Ended June 30, 1953, Pursuant to Section 13, Public Law 806, 80th Congress. H. Doc. 299, January 18, 1954, V, 16 pp.

Amending Senate Resolution 126, 83d Cong., 1st Sess. (relating to a study of proposals to amend or otherwise modify existing international peace and security organizations, including the United Nations). S. Rept. 860, January 19 (legislative day, January 7), 1954, 3 pp.

Importation of Feed Wheat from Canada. S. Rept. 862, January 20 (legislative day, January 7), 1954, 10 pp.

Mutual Defense Treaty with Korea. Report of the Committee on Foreign Relations on Executive A, 83d

Cong., 2d Sess. S. Exec. Rept. 1, January 21, 1954, 10 pp.

Commission on Foreign Economic Policy. Report to the President and the Congress. H. Doc. 290, January 23, 1954, V, 94 pp.

The Far East and South Asia. Report of Senator H. Alexander Smith, Chairman, Subcommittee on the Far East, Senate Committee on Foreign Relations, on a Study Mission to the Far East. Committee print, January 25, 1954, VIII, 25 pp.

Extending Time for Filing Claims for Return of Property Under Trading With the Enemy Act. H. Rept. 1114, January 25, 1954, 9 pp.

State Department Information Program—Information Centers. Report of the Committee on Government Operations Made by its Senate Permanent Subcommittee on Investigations Pursuant to S. Res. 40. S. Rept. 879, January 25 (legislative day, January 22), 1954, 24 pp.

THE DEPARTMENT

Appointment

Warren E. Hoagland as U. S. representative in the negotiations beginning in Washington on February 19 with the Federal Republic of Germany provided for in articles I and VII of the Surplus Property Payments Agreement signed at London on February 27, 1953. Mr. Hoagland's appointment was effective February 19 (press release 72 dated February 17).

PUBLICATIONS

Recent Releases

For sale by the Superintendent of Documents, Government Printing Office, Washington 25, D. C. Address requests direct to the Superintendent of Documents, except in the case of free publications, which may be obtained from the Department of State.

The Secretary of State on . . . Faith of our Fathers. General Foreign Policy Series 84. Pub. 5300. 13 pp. 10¢. Based on an address made by John Foster Dulles, Secretary of State, at the First Presbyterian Church of Watertown, N. Y., October 11, 1953.

Foreign Affairs. Statement by President Eisenhower. Excerpts From State of the Union Message January 7, 1954. General Foreign Policy Series 86. Pub. 5344. 9 pp. Free.

IIA: The International Information Administration. Semiannual report of the Secretary of State to Congress on the International Information and Educational Exchange Program January 1953-June 1953. International Information and Cultural Series 34. Pub. 5284. 51 pp. 35¢.

The Far Eastern Commission—a study in international cooperation: 1945 to 1952. Far Eastern Series 60. Pub. 5138. This study on the Far Eastern Commission was written by Dr. George H. Blakeslee . . . member of the U.S. delegation to the Far Eastern Commission and U.S. representative on the Steering Committee of that Commission.

Africa
 The Development of United States Policy in the Near East, South Asia, and Africa During 1953: Part II (Howard) 328
 Developments in Trust Territories in Africa (Sears) 336
 New Foreign Relations Volume Deals With Near East, Africa 328

American Principles. Thirty-sixth Anniversary of Lithuanian Independence (Smith) 320

Asia, South and Southeast
 The Development of United States Policy in the Near East, South Asia, and Africa During 1953: Part II (Howard) 328
 Stassen Visits Southeast Asia and Pacific 333

Atomic Energy. Modernizing the Atomic Energy Act (Eisenhower) 303

Congress
 Current Legislation on Foreign Policy: 83d Cong., 1st Sess. 337
 Senate Confirmations 337

Czechoslovakia
 Czech Flier Requests Asylum After Landing in Germany 319
 Czechoslovakia Plans Wired Radio Network 320

Economic Affairs
 Export-Import Bank Loan to New Zealand 326
 Exports to Soviet Bloc 321
 International Bank Makes Loan in Ecuador 326
 Problems of Foreign Economic Policy (Waugh) 321

Ecuador. International Bank Makes Loan in Ecuador 326

Europe. Preliminary Talks With Iron and Steel Community 327

Foreign Service. Confirmation of Whiting Willauer as Ambassador to Honduras 337

International Information
 Confirmation of Abbott McConnell Washburn as Deputy Director of USIA 337
 Czechoslovakia Plans Wired Radio Network 320
 VOA Popularity Rated 320

International Organizations and Meetings
 Calendar of Meetings 334
 Fisheries Commission Selects Headquarters 327
 Foreign Ministers Conclude Berlin Meetings 307

Korea. Indian Custodial Forces in Korea Commended (Eisenhower) 334

Lithuania. Thirty-sixth Anniversary of Lithuanian Independence (Smith) 320

Military Affairs. Czech Flier Requests Asylum After Landing in Germany 319

Mutual Security
 The Development of United States Policy in the Near East, South Asia, and Africa During 1953: Part II (Howard) 328
 Joint Communiqué by Turkey and Pakistan 327
 Preliminary Talks With Coal and Steel Community 327

Near East
 The Development of United States Policy in the Near East, South Asia, and Africa During 1953: Part II (Howard) 328
 New Foreign Relations Volume Deals With Near East, Africa 328

New Zealand. Export-Import Bank Loan to New Zealand 326

Pacific Area. Stassen Visits Southeast Asia and Pacific 333

Pakistan. Joint Communiqué by Turkey and Pakistan 327

Presidential Documents
 Messages:
 Indian Custodial Forces in Korea Commended 334
 Modernizing the Atomic Energy Act 303

Publications
 New Foreign Relations Volume Deals With Near East, Africa 328
 Recent Releases 338
State, Department of. Appointment (Hoagland) 338
Turkey. Joint Communiqué by Turkey and Pakistan 327
U. S. S. R. Exports to Soviet Bloc 321
United Kingdom. Queen Mother Elizabeth To Visit United States 327

United Nations
 Confirmations: Crowe Hotchkis, Lord 337
 Trusteeship Council: Developments in Trust Territories in Africa (Sears) 336

Name Index

Crowe, Philip K. 337
 Dulles, Secretary 307
 Eisenhower, President 303, 327, 334
 Hoagland, Warren E. 338
 Hotchkis, Preston 337
 Howard, Harry N. 328
 Lord, Mrs. Oswald B. 337
 Queen Mother Elizabeth 327
 Sears, Mason 336
 Smith, Walter Bedell 320
 Stassen, Harold E. 333
 Streibert, Theodore C. 320
 Washburn, Abbott McConnell 337
 Waugh, Samuel C. 321
 Weeks, Sinclair 321
 Willauer, Whiting 337
 Wood, C. Tyler 337

Check List of Department of State Press Releases: February 15-20

Releases may be obtained from the News Division, Department of State, Washington 25, D.C. Press release issued prior to February 15 which appears in this issue of the BULLETIN is No. 55 of February 5.

No.	Date	Subject
66	2/15	<i>Foreign Relations</i> volume
67	2/15	Smith: Lithuanian independence
†68	2/15	Cabot: Foreign Service
69	2/15	Dulles: Berlin statement, Feb. 12
70	2/15	Dulles: Berlin statement, Feb. 14
71	2/16	Dulles: Berlin statement, Feb. 15
72	2/17	Hoagland appointment (rewrite)
*73	2/17	McLeod: Security
*74	2/17	Study course in Pakistan
†75	2/18	Robertson: Far East
76	2/18	Czechoslovak fliers
77	2/18	Dulles: Berlin statement, Feb. 16
78	2/18	Dulles: Berlin statement, Feb. 17
†79	2/19	Morton: Foreign policy
80	2/19	Tripartite communiqué, Berlin
81	2/19	Turkey-Pakistan communiqué
82	2/19	Dulles: Berlin statement, Feb. 13
83	2/19	Dulles: Berlin statement, Feb. 18
84	2/19	Quadripartite communiqué, Berlin
*85	2/19	Holland nomination
†86	2/20	Baldwin appointment (rewrite)
87	2/20	Coal and Steel Community

*Not printed.
 †Held for a later issue of the BULLETIN.



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1936, Volume III, The Near East and Africa

The Department of State has recently released *Foreign Relations of the United States, 1936, Volume III, The Near East and Africa*. This volume has sections dealing with Afghanistan, Egypt, Ethiopia, Iran, Iraq, Liberia, Morocco, Palestine, Syria and Lebanon, and Turkey.

Volume III, The Near East and Africa is the first to be published in the series of five volumes for 1936. The other volumes of this series will be released during the next few months.

This volume (LXI, 542 pp.) was compiled in the Historical Division. Technical editing was done in the Division of Publications. Copies may be purchased from the Superintendent of Documents, Government Printing Office, Washington 25, D. C. for \$3.00 each.

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The Department of State

Vol. XXX, No. 767

March 8, 1954



REPORT ON BERLIN ● <i>Address by Secretary Dulles</i>	343
PROGRESS TOWARD "SOLVING CURRENT INTERNATIONAL PROBLEMS" ● <i>by Under Secretary Smith</i>	358
UNDERSTANDING OUR FOREIGN SERVICE ● <i>by Assistant Secretary Cabot</i>	353
RESPONSIBILITIES OF THE UNITED STATES IN THE FAR EAST ● <i>by Assistant Secretary Robertson</i> . .	348
OUR FOREIGN POLICY IN TODAY'S WORLD ● <i>by Assistant Secretary Morton</i>	361
THE DEVELOPMENT OF UNITED STATES POLICY IN THE NEAR EAST, SOUTH ASIA, AND AFRICA DURING 1953: PART III ● <i>Article by Harry N. Howard</i> .	365

For index see inside back cover



The Department of State bulletin

VOL. XXX, No. 767 • PUBLICATION 5393

March 8, 1954

The Department of State BULLETIN, a weekly publication issued by the Public Services Division, provides the public and interested agencies of the Government with information on developments in the field of foreign relations and on the work of the Department of State and the Foreign Service. The BULLETIN includes selected press releases on foreign policy, issued by the White House and the Department, and statements and addresses made by the President and by the Secretary of State and other officers of the Department, as well as special articles on various phases of international affairs and the functions of the Department. Information is included concerning treaties and international agreements to which the United States is or may become a party and treaties of general international interest.

Publications of the Department, as well as legislative material in the field of international relations, are listed currently.

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Report on Berlin

*Address by Secretary Dulles*¹

Last Friday evening I returned to Washington after 4 weeks of daily discussion at Berlin with the Foreign Ministers of France, Great Britain, and the Soviet Union—M. Bidault, Mr. Eden, Mr. Molotov.² Also, on the way back, I met with Chancellor Adenauer of Germany.

I find on my return that there is some confusion as to what really happened. That is not surprising. It is difficult to grasp quickly the results of 4 weeks of debate on many different matters. Indeed, the full results cannot be clearly seen for many months. I can, however, say that this meeting had two results which will profoundly influence the future.

First, as far as Europe was concerned, we brought Mr. Molotov to show Russia's hand. It was seen as a hand that held fast to everything it had, including East Germany and East Austria, and also it sought to grab some more.

Secondly, as far as Korea and Indochina were concerned, we brought Mr. Molotov to accept a resolution which spelled out the United States position that Red China might in these two instances be dealt with, but not as a government recognized by us.

You may ask whether it was worthwhile to go to Berlin and to make the great effort that the Conference involved merely to obtain these results.

My answer is "yes," and I have no doubt about that. Berlin cleared the way for other things to happen. The unification and the strengthening of West Europe may now go on. In Asia there could be a unification of Korea and an end to aggression in Indochina, if Red China wants it.

I do not predict that these things will happen. What I do say is that they could not have happened had it not been for Berlin.

¹ Delivered to the Nation over radio and television on Feb. 24 (press release 93).

² For texts of statements by Secretary Dulles during the Foreign Ministers' Conference at Berlin and related texts, see BULLETIN of Feb. 8, 1954, p. 179; Feb. 15, p. 222; Feb. 22, p. 266; and Mar. 1, p. 307.

Five years had elapsed since the Western Ministers had met with the Soviet Foreign Minister.³ During those 5 years much had occurred.

A war had started and been stopped in Korea. A war had reached ominous proportions in Indochina.

Stalin had died and his successors talked more softly.

Six nations of Europe had created their Coal and Steel Community and planned to move on to a European Defense Community.

Communist China had emerged as an aggressive military organization, allying its vast manpower with that of the Soviet Union.

In the Soviet Union itself industrial and agricultural strains were developing.

In East Germany the spontaneous outbreak of June 17, 1953, revealed, in one enlightening flash, how much the captives crave freedom.

What did all of this add up to, in terms of world politics? Many speculated and no one knew. The uncertainty was leading to hesitation, wishful thinking, and some paralysis of action.

There was only one way to find out—that was to meet with the Russians and deal with them in terms of some practical tests.

We went to Berlin in the hope that Soviet policies would now permit the unification of Germany in freedom, or at least the liberation of Austria. Those two matters would, in relation to Europe, test the Soviet temper. We hoped to achieve those two results and we were determined to let no minor obstacles deter us.

The obstacles we incurred were, however, not minor but fundamental.

The Soviet Purpose

The Soviet position was not at first openly revealed. It was masked behind ambiguous words and phrases. But as the Conference unfolded

³ The sixth session of the Council of Foreign Ministers took place at Paris in May-June 1949.

and as Mr. Molotov was compelled to respond to our probing of his words, the Soviet purpose became apparent.

The seating and speaking order at the Conference table were such that it always fell to me to speak first after Mr. Molotov. Then after me came M. Bidault of France and then Mr. Eden of Britain. They carried with conspicuous ability their share of the task. Between the three of us, we exposed what lay behind Mr. Molotov's clever words. For the first time in 5 years the people of West Europe, America, and indeed all who could and would observe, sized up today's Soviet policy out of Mr. Molotov's own mouth instead of by guess or by theory.

It amounted to this:

To hold on to East Germany;

To permit its unification with West Germany only under conditions such that the Communists would control the election machinery through all Germany;

To maintain Soviet troops indefinitely in Austria;

To offer Western Europe, as the price of Soviet "good will", a Soviet-controlled Europe which would exclude the United States except in the nominal role of an "observer" along with Communist China.

This last Soviet project for what Mr. Molotov called "European security" was so preposterous that when he read it laughter rippled around the Western sides of the table to the dismay of the Communist delegation.

Laughter is a denial of fear and the destroyer of mystery—two weapons upon which the Soviet Union has relied far too long. Both of these weapons were swept aside in one moment of Western laughter.

But Mr. Molotov did more than just to furnish us with an occasion for ridicule. In that same breath he told Germany that the price of unification was total Sovietization. He told Austria she was to be occupied until Germany paid the Soviet price. He told France that the western frontier of communism was to be the Rhine and not the Elbe. He told all Western Europe, including the United Kingdom, that the price of momentary respite was for the Americans to go home.

His final utterances were harsh. When he called for the abandonment of a European Defense Community, the dismantling of the North Atlantic Treaty Organization, the scrapping of United States bases, he spoke with no soft words. Gone was the post-Stalin "new look." Thus he made clear what, to some, had been in doubt.

The Soviet position admitted of no real negotiation. There is no middle ground between free German elections and the kind of elections which were carried out in the Eastern Zone of Germany, where the people were forced to deposit Communist Party ballots bearing one set of names alone.

There is no middle ground between a free and independent Austria and an Austria infiltrated with Russian soldiers.

There is no middle ground between an Atlantic community defense system and "Americans, go home."

There is no middle ground between freedom and slavery.

For the clearest and sharpest and simplest exposition of these basic truths, all of us are indebted to Mr. Molotov.

In my closing statement before the Conference last Thursday afternoon,⁴ I recalled that we had fought the Second World War for goals expressed in the Atlantic Charter, to which the Soviet Union had subscribed. One of these was "freedom from fear." But, once victory was won, the dominant Soviet motive had been "fear of freedom."

There is no doubt in my mind that the Soviet leaders genuinely fear freedom. They do not feel safe unless freedom is extinguished, or is defenseless. That Soviet attitude made it impossible to achieve any agreement at Berlin in relation to European matters.

Unity of the West

I have referred to the efforts of the Western Ministers to require Mr. Molotov to expose Soviet policies in their reality. That effort gave drama to every meeting of the four. There was another aspect which carried, too, its drama. That was the effort of Mr. Molotov to divide the three Western Powers.

Mr. Molotov occasionally complained that he was at a disadvantage because we were three to his one. But from his standpoint, that was an advantage. It is much easier to divide three than it is to divide one. If Mr. Molotov had achieved that division, he would have won the Conference. In that respect, he failed totally. The Conference ended with a greater degree of unity between the three Western Powers than had existed when the Conference began.

That unity did not come about merely because there had been prior planning. There had been able planning, and our United States staff was one of which all Americans can be proud. But no planning could anticipate all the moves which could be made by so shrewd a diplomat as Mr. Molotov and which called for instantaneous response. The unity that emerged was a natural and spontaneous unity which came from the fact that the three Foreign Ministers stood for governments and nations which were dedicated to the concepts of human liberty and national integrity which Mr. Molotov attacked.

It is a tragedy for the peoples of Germany that Germany and Berlin must remain divided; and for the people of Austria that they remain occu-

⁴ BULLETIN of Mar. 1, 1954, p. 316.

ped and economically exploited. It can be said, however, to the eternal honor of these peoples, that they would not have had us do other than we did.

The Austrian bipartisan delegation offered the Soviet Union every concession compatible with national honor. They firmly refused to go beyond that point.

We were constantly in contact with the Government and political leaders of the Federal Republic of Germany, and we knew that they did not want us to buy German unity at the price of making Germany a Soviet satellite. The Germans under Soviet rule had no government to represent them, but we saw them in East Berlin. They provided a startling and shocking contrast with the people of West Berlin. There we saw open countenances and everywhere welcoming smiles and gestures. In the Soviet Sector of Berlin we saw only frozen and haggard countenances, as the people stood silently under the vigilant eyes of the ever-present and heavily armed police. A few waved at me from behind a policeman's back, and many wrote me through underground channels. They made clear that they passionately wanted unification with West Germany, but they did not seek that unification on terms which would not really have ended their own enslavement but would have merely extended that enslavement to their brothers of the West.

The alien peoples under Soviet rule can know that nothing that happened in Berlin has made less likely the unification of Germany, or the liberation of Austria and indeed the restoration of freedom to Poland, Czechoslovakia, and the other satellite countries. At Berlin I did not conceal my views in this respect. In my closing remarks to the three other Foreign Ministers, I said, "We do not believe that the peoples of Germany or Austria or for that matter of other neighboring nations need to bury their hopes."

I am confident that in saying this I expressed the abiding sentiments of the American people.

The Governments of France and Britain rejected, without hesitation, the Soviet proffer of European "peace" at a price which would have meant Western European disunity in the face of the huge consolidation of Soviet power.

Thus it came about that, in relation to Europe, much has been revealed. The Soviet has offered its alternatives to Western planning, and they are so repellent that there seems no choice but to proceed as planned. Certainly that is the United States conviction.

Atomic Energy Talks

I had two private talks with Mr. Molotov about advancing President Eisenhower's atomic energy plan.⁵ We have agreed on the next procedural step which will involve communication between Moscow and Washington through the Soviet Em-

⁵ *Ibid.*, Dec. 21, 1953, p. 847.

bassy in Washington. I should note in this connection that the Berlin Conference adopted a resolution to exchange views on limitation of armament as contemplated by a United Nations resolution of last November.⁶ It was, however, made clear that these talks would not replace, or cut across, the independent development of President Eisenhower's atomic energy plan.

Asian Questions

We dealt also with the matter of peace in Korea and Indochina.

We wanted a political conference on Korea because we felt it a duty to ourselves, the Korean people, and the United Nations to seek to replace a Korea divided by an armistice with a Korea united in peace. The Korean Armistice recommended such a conference with the Communists.⁷ But for over 6 months the Communists had blocked agreement upon either the time or place or composition of that conference. As far back as last September, in agreement with President Rhee of Korea, the United States had proposed that the conference be held at Geneva. That proposal had been rejected. We proposed, also in agreement with President Rhee, that the conference should be composed of Communist China, Soviet Russia, North Korea, and, on the United Nations side, the Republic of Korea, and the 16 United Nations members which had fought in Korea. This proposal had been rejected. The Communists insisted that a group of Asian "neutrals" should be present and that Soviet Russia would be among these "neutrals" and so not bound by conference decisions.

We were able at Berlin to settle all these matters. It was agreed that a conference will be held at Geneva, as we had long ago proposed, and that the composition will be precisely that which the United States, the Republic of Korea, and the United Nations General Assembly had sought. There will be no Asian "neutrals" there.

No Recognition of Red China

Some profess to fear that the holding of this conference will imply U.S. recognition of Communist China. That fear is without basis. Those throughout the world who suggest that the prospective Geneva conference implies recognition are giving the Communists a success which they could not win at Berlin. The resolution adopted at Berlin explicitly provides—I shall read the text—"It is understood that neither the invitation to, nor the holding of, the above-mentioned conference shall be deemed to imply diplomatic recognition in any case where it has not already been accorded."⁸

⁶ *Ibid.*, Dec. 14, 1953, p. 838.

⁷ For text of Armistice Agreement, see *ibid.*, Aug. 3, 1953, p. 132.

⁸ *Ibid.*, Mar. 1, 1954, p. 318.

I had told Mr. Molotov flatly that I would not agree to meet with the Chinese Communists unless it was expressly agreed and put in writing that no United States recognition would be involved.

Mr. Molotov resisted that provision to the last. He sought by every artifice and device, directly and through our allies, to tempt us to meet with Communist China as one of the five Great Powers. We refused, and our British and French allies stood with us. When we went into the final session last Thursday afternoon, I did not know what Mr. Molotov's final position would be. So far, he had not accepted my position. We were to adjourn at seven o'clock. At six o'clock, just 60 minutes before the final adjournment, Mr. Molotov announced that he would accept our nonrecognition proviso.

A Soviet concession of that order ought not to be ignored.

My basic position with reference to Communist China was made clear beyond the possibility of misunderstanding.

In my opening statement (January 26), I said, "I should like to state here plainly and unequivocally what the Soviet Foreign Minister already knows—the United States will not agree to join in a five-power conference with the Chinese Communist aggressors for the purpose of dealing generally with the peace of the world. The United States refuses not because, as is suggested, it denies that the regime exists, or that it has power. We in the United States well know that it exists and has power, because its aggressive armies joined with the North Korean aggressors to kill and wound 150,000 Americans. . . . We do not refuse to deal with it where occasion requires. . . . It is, however, one thing to recognize evil as a fact. It is another thing to take evil to one's breast and call it good."⁹

That explains our nonrecognition of the Communist regime and also our opposition to its admission to the United Nations.

I adhered to that position without compromise. It is that position which is reflected in the final Berlin Conference resolution. Under that resolution the Communist regime will not come to Geneva to be honored by us, but rather to account before the bar of world opinion.

Indochina

The Berlin resolution also touches on Indochina. It says that "the establishment, by peaceful means, of a united and independent Korea would be an important factor . . . in restoring peace in other parts of Asia," and it concludes that "the problem of restoring peace in Indochina will also be discussed at the conference."

This portion of the resolution was primarily and properly the responsibility of France. The

United States has a very vital interest in developments in this area, and we are helping the French Union forces to defeat Communist aggression by helping them out with grants of money and equipment.

But the French and peoples of the Associated States of Indochina are doing the actual fighting in a war now in its eighth year. They have our confidence and our support. We can give counsel, and that counsel is welcomed and taken into account. But just as the United States had a special position in relation to the Korean armistice, so France has a special position in Indochina.

I recognize, of course, that the Soviet Union would not have accepted 100 percent our terms for the Korean Political Conference, unless it expected to benefit thereby. But so do we.

I can think of some Soviet benefits that we would not like and should prevent. But I do not wholly exclude the idea that the Soviet Union might in fact want peace in Asia.

We can hope so, and we shall see. In the meantime, we shall keep on our guard.

There is, however, no reason why we should refuse to seek peacefully the results we want merely because of fear that we will be outmaneuvered at the conference table. No informed observers believe that we were outmaneuvered at Berlin.

We need not, out of fright, lay down the tools of diplomacy and the possibilities which they provide. Our cause is not so poor, and our capacity not so low, that our Nation must seek security by sulking in its tent.

Berlin gave the free nations up-to-date, firsthand, post-Stalin knowledge of Soviet intentions. That knowledge was not reassuring. It shows that the free nations must remain steadfast in their unity and steadfast in their determination to build military strength and human welfare to the point where aggression is deterred and the ideals of freedom are dynamic in the world.

We must continue to hold fast to the conviction that the peoples and nations who are today not the masters of their own destinies shall become their own masters.

If we do all of this, not belligerently but wisely and soberly; if we remain ever-watchful for a sign from the Soviet rulers that they realize that freedom is not something to be frightened by but something to be accepted, then we may indeed, as these eventful coming months unfold, advance the hopes for peace of the world, hopes so eloquently voiced by President Eisenhower last April and again last December.¹⁰

Our Special Responsibility

In all of this we Americans have a special responsibility.

⁹ *Ibid.*, Feb. 8, 1954, p. 181.

¹⁰ *Ibid.*, Apr. 27, 1953, p. 599; Dec. 21, 1953, p. 847.

Over recent years the fearful problem of dealing with Soviet expansion has brought many to a truly disturbing emotional and moral state. In a sense brains have been washed to such an extent that many are tempted to trade principles of justice for some sense of momentary respite.

Our ultimate reliance is not dollars, is not guided missiles, is not weapons of mass destruction. The ultimate weapon is moral principle.

George Washington, in his Farewell Address, called upon our Nation to observe justice toward all others. "It will," he said, "be worthy of a free, enlightened, and, at no distant period, a great nation to give to mankind the too novel example of a people always guided by an exalted justice. . . . The experiment, at least, is recommended."

That recommendation has, in fact, guided us throughout most of our national life, and we have become the great Nation which Washington foresaw. This is not the moment to forsake that guiding principle. It is not a moment to flee from opportunities because we fear that we shall be inadequate. If what we stand for is right, why should we fear?

There are some in Europe who would have us forsake our friends in Asia in the hope of gain for Europe. There are some in Asia who would have us forsake our friends in Europe in hope of gain for Asia. We dare not be critical of them, for they are subject to strains which we are spared by our fortunate material and geographical position. Indeed, there are some Americans who would have us sacrifice our friends both in Asia and in Europe for some fancied benefit to ourselves.

I do not argue that American foreign policy should be conducted for the benefit of others. American foreign policy should be designed to promote American welfare. But we can know that our own welfare would not really be promoted by cynical conduct which defies moral principles. In a world in which no nation can live alone, to treat our friends unjustly is to destroy ourselves. We must stand as a solid rock of principle on which others can depend. That will be the case if we follow George Washington's advice and continue to be a people who are guided by "exalted justice."

Secretary Dulles Returns From Berlin Conference

Press release 88 dated February 23

The following remarks were made by Secretary Dulles on February 19 upon his return from the Berlin Conference of Foreign Ministers:

I am glad to be back from the Berlin conference. For 4 weeks the United States has been battling

there for the principles of freedom in which our people believe.

We didn't make any progress in uniting Germany or in liberating Austria, but the debate there had a tremendous value in revealing that the Soviet Russians had not changed their purposes. They are not willing to let go their grip anywhere and they would like to extend their grip if they could.

Our European allies stood firm with us and we believe that the prospects for European unity are increased by the Berlin disclosures of the Soviet purposes.

Our Far Eastern discussions led to agreement on a conference to unite Korea, as had been agreed on at the armistice. The terms for this conference are 100 percent what we wanted. The place and composition of the conference are precisely what we have sought. No neutral will be present and it was expressly stipulated that no recognition of Communist China is involved.

I shall be reporting early this week to the President and the Congress. And I plan a radio and television talk to the Nation next Wednesday night.

Invitations to Korean Political Conference

Press release 97 dated February 26

The State Department on February 24 extended invitations to the Korean Political Conference, scheduled to begin April 26 at Geneva, to the Governments of the Republic of Korea, Australia, Belgium, Canada, Colombia, Ethiopia, Greece, Luxembourg, the Netherlands, New Zealand, Republic of the Philippines, Thailand, Turkey, and the Union of South Africa.

Representatives of the Embassies concerned were called in on the afternoon of the 24th to receive the formal invitations in keeping with an understanding reached by the four Foreign Ministers at Berlin, under which the Soviet Union would invite the Chinese Communists and North Korea and the United States would invite the Republic of Korea and the other 13 nations which, with France and the United Kingdom, participated in the Korean hostilities on the United Nations side.

As the quadripartite Berlin communique provides,¹ representatives of the Four Powers will decide and invite the interested states for discussion of the problem of Indochina at Geneva.

¹ BULLETIN of Mar. 1, 1954, p. 317.

Responsibilities of the United States in the Far East

by *Walter S. Robertson*

*Assistant Secretary of State for Far Eastern Affairs*¹

Some time before the war, the *New Yorker* magazine recounted an incident of an English woman in New York who inquired of a policeman if he could direct her to the English Speaking Union. The policeman replied reassuringly: "Madam, we all speak English here." I have a feeling that the policeman was Irish and that his reply betrayed his continuing surprise that in New York City, with its population drawn from all the countries of the Old World, the English language should be generally understood.

To my mind it is a very great glory of the English language that, without ever having been imposed upon anyone, it has become a medium of communication with which so many national barriers are overcome. It is a bridge connecting the far-flung parts of the great Commonwealth—the United Kingdom and Canada, Australia, New Zealand, and South Africa, Ceylon, India, and Pakistan. It is a link giving continuity to the shared experiences of the United States and the Philippines. It is the language that has made a nation of the United States, not one in three of whose citizens is descended from peoples to whom English was native. I should like to come back to this point at the end of what I shall say this evening. For the present I shall only observe that the name of our organization, "The English Speaking Union," always falls on my ears with a very special impact. It signalizes a phenomenon that will, I am convinced, stand in history as of unique significance in the development of the human race.

I have been asked to speak to you on the responsibilities of the United States in the Far East. This is a happy coincidence in that the subject is one I am apt to talk about whether I am asked to do so or not. It is never very far from my

thoughts. In fact, it is as likely to be uppermost in my mind at 4:30 a. m. as at 8:30 p. m.

Kipling said:

There are nine and sixty ways
Of constructing tribal lays
And every single one of them is right.

There are just as many ways of picturing the Far East that also are right. I shall ask you, however, to visualize it as a place where two forces are in collision, like two air masses of opposing character that meet in what I believe is called an occluded front. This kind of front, if I am not mistaken, is characterized by rain, hail, sleet, lightning, and thunder.

In the Far East, the front reaches from Japan and Korea through Southeast Asia, from whence it extends to Kashmir and Afghanistan. On almost all parts of its 7,000-mile length there are turbulences of one kind or another.

At the risk of overdoing our image, we might say that the warm air mass represents the resurgence of Asia—the movement of the Asians to throw off foreign rule and foreign domination; to catch up with the 20th century; to win recognition and respect for their importance; to realize their capabilities; to achieve tolerable conditions of life for their oppressed, ill-nourished, illiterate fellow beings; above all, to achieve the right to be themselves and to be answerable only to themselves. The other air mass, pushing its cold wedges down from the north, represents the force of aggressive, expansionist world communism, the object of which is antithetical to the object of the Asian revolution. If successful, it would bring the whole vast Asian world into the icy grasp of an alien tyranny.

The results of this collision will influence the climate of the world for as far into the future as we can see. Up to now, the cold air mass, relying at times upon assault and at others upon insinuation, has overspread North Korea and mainland China, has struck deep into Indochina,

¹ Address made before the English Speaking Union, New York, N. Y., on Feb. 18 (press release 75).

and has established pockets out ahead of the front in many areas. It has also had signal reverses. It overreached itself in Korea and was thrust back at heavy costs to the Koreans and to us but at even heavier costs to itself. Its bids for control in Formosa and most of Southeast Asia have so far been frustrated—in some cases, dramatically.

Far Eastern policy has been a subject of particular partisan conflict in the United States. However, I believe it is so no longer. I believe our country is now pretty generally of one mind in its appraisal of the situation in the Far East and its meaning for us. We recognize that the Communists are convinced that in the long run it must be we or they, the free world or their world. It matters very little whether *we* believe mutual toleration and coexistence to be possible if *they* are dedicated to the proposition that they are not. We recognize that, having been frustrated in Europe by the success of the Marshall plan and the North Atlantic Treaty Organization, the Communists have been giving major attention to the Asian world, where the situation has offered them distinct advantages. Broadly speaking, these advantages are twofold.

On the physical side there is the Communists' possession of the great base of operations offered by mainland China, to which the rest of Asia is geographically peripheral. Just as the position Russia achieved in Manchuria at the end of World War II gave the Communists an invaluable base for operations against China proper, so the possession of mainland China gives them an invaluable base for operations against the rest of Asia. In addition, it has given them an army of perhaps 2½ million men and exposed the Chinese minorities in Southeast Asia to Communist penetration and intimidation. These minorities number between 10 and 12 million and play an important role in the economic life of the countries in which they live.

On the psychological side, Asia has offered the Communists the opportunities that an absolutist, ruthless, highly disciplined, self-sure movement always finds in a situation of widespread disorder, insecurity, doubt, confusion, discontent, and suffering. But the greatest psychological advantage the Communists have reaped arises from the fact that the Asians had traditionally looked upon Western Europe as the outstanding obstacle in the way of their revolution. It was European domination and European privilege that in the eyes of the Asians blocked the avenues of advance to a more rewarding and self-respecting future. By contrast, the Communists were in their eyes fellow-revolutionaries and allies in the struggle with Western imperialism. It has been asking a great deal of the Asians to expect that they would be able, in the short period since World War II, to see the West as an ally of their revolution and Communist imperialism as the outstand-

ing threat to their new independence. Perhaps the remarkable thing is not that many Asians have been unable to readjust almost overnight to the radically altered circumstances of the present but that so many have done so.

Communist Aims in Asia

The Communists, although absolutely fixed in their thinking with respect to ultimate objectives, are notorious improvisers in strategy and tactics. A discussion of Communist blueprints of action is therefore generally fruitless. We are probably justified in surmising, however, that what the Communists are now aiming at is to utilize their assets in China to gain control of Southeast Asia with its strategic resources and its rice surpluses on which Japan depends. They would then dominate Japan's natural trading area, comprising the former "Greater East Asian Co-Prosperity Sphere," and be able to dictate the terms on which the Japanese could make a livelihood. Completing the consolidation of their control over the whole Asian world, with its manpower, resources, and industry, they would be able to turn upon the Middle East and Europe with great strength and formidable prestige. This latter element—the factor of psychological momentum—is one that we should never underestimate. Success, as Hamlet said of appetite, grows with what it feeds on, and resistance which could stand off 10 or 20 or 100 divisions may crumble before a name.

Faced with these ugly facts, we have become increasingly aware that Asia must be held against the pressures of all kinds the Communists are bringing to bear against it. At the same time it has also become increasingly apparent that "holding" Asia is nothing that the Western Powers can hope to do—not the British, not the French, not we ourselves, alone or all together. The quickest way to turn Asia over to the Communists would be for the Western Powers to act as if they were moving in on Asia once more or trying to cut themselves a slice of Asia. These, I believe, are both gangster terms, and it is in such terms that Asia would regard any attempt on our part to "hold" them.

It is only the Asians who can hold Asia. It does not, however, detract from the force of that statement if we go on to recognize, as we have recognized, that the Asians need our help. This help we have been giving and are continuing to give.

First we have been helping with the military defense of Asia. Our major assistance has gone to those countries under the most pressing threat. We have contributed very substantially to building up effective military forces in the Republic of Korea, Formosa, and in Indochina. In our view, those forces serve to defend not only those three areas but the whole of free Asia. The presence

of competent military forces anywhere on our side of the Iron Curtain in the Far East must make the Communists that much more reluctant to attack anywhere else. The military forces of the Republic of Korea, for example, are defending the countries of Southeast Asia, as well as their own country, simply by maintaining their present impressive capabilities—even if they never budge from Korea or fire a shot. The long-range American striking forces called for by our present strategy of defense are also calculated to deter aggression by the mere fact of their existence.

It is essential for the Asians to have something to fight with, but it is even more important for them to have something to fight for—or rather for them to realize how much they *have* to fight for, including the chance to achieve something better. It is much easier for us to provide weapons, however costly the operation may be, than to provide conviction and faith. You may ask whether the Asians do not recognize that any people menaced by communism have everything to fight for, above all for their independence. My answer would be that the Asians are passionately attached to their independence. I would further submit that the vast majority of Asians are profoundly opposed to what communism consists of. I would even hazard the guess that nowhere in Asia, including China and Viet-Nam, could Communists, running as such, poll as heavy a percentage of the vote in a fair election today as they have in parts of the West.

But I would also point out that, while a growing knowledge of realities in the Communist world has gone a long way in disabusing the Asians—as it has the rest of the world—of illusions about communism, there are still many Asians who do not know what communism is and who accept its pretensions uncritically, deriving no small satisfaction from the discomfiture the Communists apparently cause the West. For those Asians who have had experience of Western overlords and of feudal overlords of their own but who have seen nothing of Communist tyranny, it is not unnatural to think of communism in terms of economic and social radicalism, which is appealing, rather than in terms of Soviet Russian and Communist Chinese reactionary imperialism. At the same time, most of the population of Asia is living in circumstances that even by Asia's own pathetic standards are desperate.

The Asian revolution, insofar as it is a nationalist revolution, is today living on borrowed time. An improvement has got to be shown in the conditions in which the vast majority of Asians live. Such an improvement cannot be taken for granted. Many Asians are worse off today than before the war, and the falling prices of Southeast Asian raw-material exports and the difficulties Japan is having to surmount in rebuilding her foreign trade can mean destitution for tens of millions of human beings—human beings who cannot be expected to

submit to starvation because they are told that communism would be worse.

Economic Aid and Technical Assistance

What the United States is trying to do is to extend economic aid and technical assistance where it will count for the most, where the economic and social structures of the new Asian nations are weakest. We cannot give aid of a magnitude that would industrialize Asia in a matter of years or cause dramatic changes in the standards of living of 700 million people. But we can help bring about specific improvements—say in transportation systems, in small industries, in public administration, in agriculture methods, in the diversification of production—that will help create a constructive atmosphere, an atmosphere of hope, a climate of confidence in Free Asia's present nationalist, moderate leadership. Further, we can take the lead in reducing those arbitrary barriers to the wider development of Asia's resources and the world's resources—high tariffs, quota systems, and the like—by which a nation seeks to live in a world apart when the survival of all depends on common effort.

The report of the Randall Commission on U.S. foreign economic policy,² released at the end of January, stressed the importance of reducing our tariffs. It also recommended that our technical cooperation programs be pressed forward vigorously; that our Government extend loans to countries where substantial economic aid is necessary in our interests and cannot be provided by private or international sources; that our Government contribute all it can to the creation abroad of a climate conducive to private foreign investment. In all these ways we could give the Asian peoples a greater stake in their newly won independence.

To appreciate the situation in the Far East, you should hear not only what the United States is trying to do but what some others say it is trying to do.

This is from the *Peoples Daily Editorial*, North China News Agency, in English Morse to Southeast Asia, Europe, and North America, December 19, 1953:

The American imperialists, who have been supporting the French aggressive war against Viet-Nam, are stubbornly pursuing the policy of prolonging and expanding the war in Viet-Nam. . . . It is American imperialism which is the most vicious enemy of the Vietnamese and all peoples demanding liberty and independence. At the same time, American imperialism is seriously jeopardizing the national interests and independence of France. As is universally known, the U. S. is taking advantage of the situation in which France is being bogged down and weakened by the war in Viet-Nam to coerce the French Government into subordination.

From *Izvestia International Review* by Mikhailov, Moscow Radio, Soviet Home Service, November 24, 1953:

² For excerpts, see BULLETIN of Feb. 8, 1954, p. 187.

American Vice President Nixon has been touring Asian and Far Eastern countries for the past 6 weeks. . . . The press considers Nixon's trip as yet another attempt of U. S. ruling circles to establish a widespread Pacific military bloc in Asia which would become a supplement of the aggressive North Atlantic bloc. . . . The American imperialists are consciously fanning the expansionist appetite of the Japanese monopolists and militarists with whom they have conspired in their desire to suppress the resistance of the Japanese people and to transform Japan into a tool of their policy of aggression against the people of Asia.

This is the sort of thing with which the Communists fill the air and the bookshelves of Asia. It is a good thing for us to be reminded of it. Any illusions we may have that the Communists would genuinely like to reestablish peace and relieve sources of friction on any terms other than the progressive destruction of our world should be dispelled by a knowledge of the vilification and abuse that the Communists are constantly pouring upon us. The Communists tell us every day that the only way in which we can placate them is to efface ourselves from the earth. There is no excuse for our ever being in any doubt on this point.

The Neutralist Point of View

I think it is important also for us to bear in mind that the Asians are continuously exposed to a barrage of anti-American propaganda. The objective of this propaganda is to picture the United States as the arch enemy of everything the Asians are struggling for. Actually, the United States emerges from Communist propaganda as having all the essential features of the Soviet Union. The chief effect is probably not so much to win friends for communism as to strengthen the view of some Asians that the two sides in the cold war are equally overbearing and equally wrong and that therefore they, themselves, can stand aside from the conflict. This is a comforting notion, bringing release from responsibility. The so-called "neutralist" point of view was put neatly by a Burmese official speaking on the most recent anniversary of his country's independence. Listing the problems faced by the nations of Southeast Asia, he concluded by stating: "Over and above these there is also the important problem of striving for our aims contemporary with the circumstances of world tensions caused mainly by two powerful camps armed with deadly atomic weapons in the pursuit of extremist aims and monopolistic philosophies directly opposed to each other. To the misery of the world these tensions are felt outside the United Nations as well as inside it."

Here is another typical expression of the neutralist point of view, taken from a criticism of a possible United States program of military assistance to Pakistan in the Indonesian newspaper *Merdeka* (meaning freedom): "Observers of international problems here consider American aid as great as this as a *dangerous threat* to the

welfare of the Asian countries located around the Indian Ocean, including also Indonesia."

I always have two reactions to neutralist views. First, I wonder how we can make clearer the origins of the cold war and the reasons for programs of American foreign aid. It is so clear to us that the United States has come into conflict with the Soviet Union not because we have any desire to extend our influence beyond our borders, not because we have been immediately and directly threatened by Soviet imperialism, but because we have responded to requests for assistance from those nations which, neighboring on the Communist world, have been immediately threatened—it is hard to see how the facts could be made plainer. My second feeling is one of curiosity as to whether the neutralists ever stop to wonder what would happen to them if we followed their example and also stood back from the conflict between Communist imperialism and the rest of the free world and allowed nature to take its course.

I think it is a mistake, however, to be discouraged by neutralist sentiment in Asia. We must remember what our objective is. It is not to achieve popularity or win admirers. Our purpose is to see that the independence of the Asian nations is preserved and that they are able to stand on their own feet. So long as the Indonesian press speaks with a genuinely Indonesian voice, so long as Burmese foreign service officers speak with genuinely Burmese voices, our primary purpose is being realized—whatever those voices may say. Moreover, it would not be very becoming to us to be too shocked by the phenomenon of neutralism. For the first century and a half after our own achievement of independence, our foreign policy was devoted to keeping out of the affairs of the Old World and keeping the Old World out of the affairs of the New. Fortunately for us, during our first century, we were geographically remote from the theaters of major conflict, unlike the Asians today, and mercifully were threatened with no such worldwide conspiracy as the Communist International. Moreover, the security of the Western Hemisphere had an effective defender in the form of the British Navy. Nevertheless, we were too long in discovering that in the 20th century no nation is geographically remote. We learned in 1917 and 1941 that, for nations today, the cost of escaping involvement in a world at peace is apt to be involvement in a world at war from which they cannot escape.

It is to avoid a repetition of two world wars that we are now striving to help develop in the free world, East and West, a strength sufficient to stay the aggressor's hand. It is to avoid having once again to fight to the death for our survival in circumstances of the aggressor's choosing—in a war that this time we could not see the end of.

It is our responsibility to contribute all we can to the creation of that strength because without us

it cannot be created. It remains our responsibility no matter what anyone says about us—enemy, friend, or neutralist. And we may be sure that the more we succeed in acquitting ourselves of this responsibility, the more vituperations we shall have from our enemies—who will see their opportunities fading—the more frankly our friends will speak their minds, and the sharper the criticism will be from some of the neutralists. That will all be evidence that we are achieving our ends.

Our Debt to the Past and the Future

We are fond of saying in speeches that we must help in the defense of freedom everywhere because it is in our self-interest to do so, because, so long as freedom is in danger anywhere, our own is not safe. That is quite true. I find it tiresome, however, and unworthy of us to invoke exclusively our own self-interest. Our responsibilities are not primarily to ourselves but to the past and to the future. Our freedom was bought not at Yorktown and Midway alone but on a thousand battlefields from Thermopylae to the Marne, Lake Ladoga, and the skies of Britain. Our material possessions go back to Archimedes, the Arab algebraists and Galileo. We Americans, unlike the Russians, did not invent everything. Much of the inspiration of our art and our religion is to be found among the ancient peoples of the East.

As we look about us at our heritage and at the magnificent continent we inhabit, we must be continually reminded how much we owe not only to our own efforts but to other peoples and to Providence. This is a debt we can repay only to the fellow-inhabitants of our world and to the future. For my own part, I feel that nowhere more than in Asia, where so many are struggling against such heavy odds for one-hundredth part of the rewards we take for granted, will assistance from us be productive of important returns for all mankind.

We are today passing through a crisis in the condition of the human race. It is a crisis at once physical and moral, like the crises in some illnesses, which involve the patient's stamina both of body and spirit. We have been contributing what we have been able to the strength of the patient. We shall go on contributing. But others must do so too. The battle will take everything that all of us can put into it. We recognize in the United States that it cannot be won unless we carry our end. But if the failure of the United States to acquit itself of its responsibilities must lead to a fatal issue of the crisis, so too must a failure on the part of others to acquit themselves of theirs.

Perhaps the underlying problem of our whole generation is how the peoples of our ever more crowded planet are to live together. The Communists have one answer, and it is an effective

one. The peoples under Communist rule are equalized under an iron dictatorship that sets all cultural differences at naught by eliminating all cultures, reducing the diversity of the human race to the gray uniformity of the least common denominator. The other alternative, if we are not to exterminate one another, is a society which tolerates individual differences and welcomes cultural diversity on the grounds that our essential common humanity counts for most of all, making us all equal on the highest plane as creations of a Supreme Being. It is on this principle that the great confraternity of our country, mingling all the races of the world in one English-speaking union, has held together and prospered. It is similarly through recognition of essential common interest among diverse communities that the Commonwealth has been created, a great association of nations spanning the globe, demonstrating that peoples of unlike race and religion may acknowledge an abiding relationship without detriment to their independence and integrity.

If the peoples of this world are neither to destroy themselves in conflict over their differences nor to be brought within a single prison camp in which no differences will be tolerated, each nation will have to take steady counsel of its conscience and contribute to its full capacity to a better solution. Our common experience shows such a solution to be possible. For our part, if to the extent of our ability we Americans help the races of mankind in the world at large achieve the same basis of mutual forbearance and respect and of peaceful interchange that those same races have found on our continent, we shall then, and only then, have fulfilled our responsibility.

Closing of Polish Consulates General

Press release 94 dated February 25

Following is the text of a note delivered on February 25 to the Polish Embassy at Washington:

The Secretary of State presents his compliments to His Excellency the Ambassador of the Polish People's Republic and has the honor to inform the Ambassador that the Department of State has reviewed the activities of the Polish Consulates General in the United States. After careful consideration the Department has reached the conclusion that these Consular establishments serve no useful purpose in the conduct of relations between the United States and Poland at the present time. The United States Government, consequently, requests that the Polish Government close its Consulates General at New York, Chicago and Detroit and withdraw the personnel of those offices within a reasonable period for liquidating their affairs.

DEPARTMENT OF STATE,
WASHINGTON.

Understanding Our Foreign Service

by John M. Cabot

Assistant Secretary for Inter-American Affairs¹

We face a mortal peril today—perhaps a greater one than any of those which we have faced since Revolutionary days. If we are to confront this implacable challenge successfully we must understand the forces with which we are dealing. We must have confidence in each other. We must realize that our security does not come from formulae devised in an ivory tower—it comes from the faith of our people in our institutions, our elected and appointed officials, our way of life. It is of that that I would speak to you today.

Never underestimating the power of women, I believe it was the women of America who particularly perceived that we could not go it alone in the modern world; that in this shrunken world we had better cooperate with friendly nations lest we ourselves perish; that history was knocking at our door and would not be denied. Other sincerely patriotic Americans had different views, and those views deserve attention and respect. But there is one tendency with which I frankly have little patience. All too frequently in public arguments an effort is made to obscure the issue by smearing the opponent. Today some of those who oppose our bipartisan foreign policy are employing those tactics. Not wishing to argue issues, they are attacking the instrument by which it is carried out—without which, indeed, it probably could not be carried out. In exposing such weaknesses as exist, they serve the country's interests; but in wilfully undermining our Foreign Service, they emphatically do not.

Have you ever heard of an American diplomat who has ridden up Broadway in a storm of ticker tape? A good many Americans would probably answer, I fear, that it would be better to ride them out of town on a rail.

This talk might be entitled "Why Diplomats Don't Behave Like Human Beings." I think you will agree that that is an almost universal American gripe, and perhaps it is justified. On the

other hand, I hope I will be able to show you that we don't behave as we do because we like to be stuffy. We often sound stuffy because we have learned that anything else may spoil the job we are trying to do.

I recall a witty passage in the book of an Italian diplomat describing the Geneva Disarmament Conference in the early 1930's. The Italian recalled that, in regard to every proposition, Ambassador Gibson (our representative "said nothing and he said it with all reservations." We can have our little laugh about that, but I ask you to think what would have happened to Ambassador Gibson at that period in our national thinking if he *had* said anything. The whole crux of the disarmament meeting was that the continental European nations, sensitive to the latent menace of a German comeback (which later developed), had no intention of disarming unless they were given political guarantees by the Anglo-Saxon powers. At that time we wouldn't even agree to consult with other countries in the event that they were the victims of aggression. Hence Ambassador Gibson's constructive contributions to the Disarmament Conference!

Far-Reaching Effects of Each Decision

The average citizen forgets the vast backdrop against which an American diplomat must project his recommendations. Any major decision of the United States affects not only you and me and the group around the cracker barrel down at the corner—it will be noted all over the world. Diverse interests in the United States will consider it in the light of the way it affects them; they will seek if they can to derive advantage from and, if they cannot, to undermine it, occasionally on the most specious grounds. Foreign nations will think of it not only in terms of its immediate effects but of its significance, its possible use even through the most distorted interpretation, to advance their interests. Indonesia will note what we are doing in Bolivia because both produce tin; Egypt will note what we are doing in Panama

¹Address made before the Massachusetts State Federation of Women's Clubs, Boston, Mass., on Feb. 18 (press release 68 dated February 15).

because of its possible bearing on the Suez question; Chile will resent it if we send synthetic nitrates under our aid program in Greece; and we have to be constantly thinking of the effects of our aid programs on the normal commerce of friendly nations who may feel that we are muscling in to their markets—not to mention the efforts of other nations to muscle in on ours. And if we seek any measure which helps production in friendly foreign countries but may adversely affect domestic interests—if we make any concession to Venezuelan oil, Chilean copper, Mexican lead, Peruvian zinc, Cuban sugar, Argentine wool, Uruguayan meat—we know that we are likely to face a domestic storm, even though it is demonstrably a fact that prosperity in our sister republics promotes our own prosperity. Time and again a problem has many interlocking features affecting numerous nations and interests, and to overlook even one may be disastrous.

Diplomatic problems might also be simpler if they were of the here today and gone tomorrow type, like the ordinary headache. Unhappily they seldom are. Nations may quickly forget the wrong they have done others, but they never forget the wrongs others have done them. Every diplomatic recommendation must be made in the light of those which preceded it; it must also take into account those which may flow from it. Decisions made, an imprudent act committed, precedents established, an indiscretion published even decades ago may arise today to plague the diplomat. Impatient citizens may inquire: "Why didn't you do that? Why be so namby-pamby? Why don't you tell some of these foreign slickers off?" They forget that every decision tends to point inexorably the path to the next; once started on a given path there is often no turning. A diplomat must not be bemused by the posies which adorn the path as he starts down it; he must foresee what may confront him after a few windings. You would probably say that the Japanese decision to attack Pearl Harbor was made in the fall of 1941, but I would answer, "No, it was made in the fall of 1931." From the moment of the wanton attack on Mukden there was no turning back. Diplomatic decisions, and equally diplomatic indecisions, may plague a nation's foreign policy for generations. They should not be lightly made.

Diplomats often do not have a choice between good and bad decisions. Many diplomatic decisions must be between what is bad and what is worse—indeed, in many cases between what is bad and what is unthinkable. If a diplomat has to make a bad decision rather than a worse one, and those who are hurt by it criticize its undeniable faults, the diplomat is obviously a sitting duck, even if he has tried to choose the least bad course and to make it as palatable as possible to everyone. If in blasting the diplomat the critics completely contradict each other, it only makes

their criticisms the more effective, because everyone agrees the diplomat was wrong.

Since to get a vital agreement from a friendly nation a diplomat must generally make concessions, it gives all who care to criticize a chance to say that he has sacrificed the national interest to the foreign. No matter how hard he may try, no matter how much good he may bring to his task, he will inevitably run into difficulties. A policy, a line of action in international affairs, however much it may suit the national interest, cannot be exclusively followed. Sooner or later vital domestic interests or the well-founded claims of another friendly nation will cut across a course with the highest priority. We cannot satisfy even those we most want to satisfy, and a great power has many it wishes to satisfy. It is the unhappy fact that problems arise in geometric proportion to power and interests, and we today have more of each than any nation on earth.

Limitations on Our Power To Act

We must, moreover, appreciate the limitations on our power to act in international affairs. In our own country we are sovereign, and, if we see a situation which needs to be remedied, we have the power to remedy it. We do not have that power in other countries. We may realize that in a given country the government is weak, inept, or venal; that social conditions are bad; that the finances are hopelessly mismanaged; that the authorities are arbitrary or brutal; that justice is maladministered or minorities are oppressed, and yet there may be little we can do about it. We must not, we should not, we cannot run their affairs. Only rarely can a government appeal to a foreign nation over the head of its government, despite no lack of trying. The usual effect of foreign interference is to make a bad situation worse, to strengthen in its vices and its hold on the people the very government one wishes to reform. Logic and self-interest weigh little in a situation like this; within the past few years we have seen several instances of nations calmly prepared to commit national suicide rather than yield to the reasonable views of other countries. Our policies at best can remedy conditions in foreign countries but little, even if these conditions strongly affect our interests.

In many diplomatic questions one is dealing primarily in imponderables—in rivalries, suspicions, jealousies, sensitivities, piques. And in most problems many of the facts are undeterminable. There is often no way of knowing precisely what the people you are dealing with are thinking, or what their real objectives are. One can guess, but one cannot know, what their reaction will be to a given course of action. A diplomat must not only be skilled in his estimates of the true position of other governments with which he is dealing; he must also foresee the probable course of events and other possible ones. He must seek to

act wisely on the basis of his forecasts, and he must never forget to have his rubbers and his raincoat handy even when the diplomatic forecast is "fair."

A diplomat is seldom faced with only two possible courses of action; the opposite of what is wrong is not necessarily right. He must generally choose between a great variety of possible courses and, like a canoeist in a mountain torrent, must show skill in avoiding hidden rocks even after he has chosen his channel. Outsiders coming into the State Department are astounded at the pains we go to to make sure we have not overlooked something.

It is easy for critics to excoriate our actions. Since we generally must choose between evils, it is easy to show that our choice was bad. Admitted; but was there a better one? Amid all the destructive criticism you read of our diplomacy, how often do you find anything truly constructive? Even when they suggest another course, critics have no responsibility to act as they recommend—and to live with the results. The public quickly forgets what they said yesterday while being titillated by today's alleged sensations. They can conveniently overlook half the facts, even if they know them. If they make a mistake, no one cares; if a diplomat does, his country may suffer grievous harm.

A flash of genius which misfires may shatter years of patient work, and years of irreproachable diplomacy may not wipe out the effects of one blunder. The diplomat has no deadline to meet and no public to attract, but he does have the national interest to uphold. He is not playing a big-league game to the frenzied applause of massed spectators. He must sift and analyze the information from every source available to him; he must ponder what it means, and he must decide wisely what to do. He must often face agonizing decisions. He cannot act like a 10-year-old boy thinking up world-shattering inventions. It will take all that he has in intelligence, knowledge, and experience to come up with the best answer, and he is understandably irked by backseat drivers.

When a diplomat gets hit by critical mudballs, it is practically impossible for him to make a real reply. I recently noted, for example, a lengthy editorial lambasting a speech of mine which the paper in question had not even mentioned in its news columns. Obviously, in a name-calling contest with his critics, a diplomat hasn't a fair chance to get his story before the public. But even if his story were printed, how much could he say? He cannot betray confidences. He cannot reveal secret information, often obtained from secret sources. He cannot cackle in triumph over a good deal he has made, or his opposite number in another country will be on the spot and he will pay plenty when he next tries to negotiate. He cannot criticize a friendly country or its representatives—he and his country must continue to live with them. He cannot, with propriety, criticize another part of his own government, even

if it is to blame. He cannot shush the press even when it inexcusably insults a foreign country or reveals his entire diplomatic poker hand by shrilly telling him how to play it. He cannot blame public opinion for a vital earlier decision which it prevented, or compelled him to make—and, popular belief to the contrary, history tells of many, many times when public opinion was hopelessly in the wrong. The diplomat often cannot even reveal his true objectives, which may subtly envisage a third country or a future move on the diplomatic chessboard. Thus, when forced to answer criticism, he generally uses a string of soothing four-syllable words which may mean something to other diplomats but definitely don't to the general public.

Our critics often cry for some diplomatic victories. The fact is that there is nothing more disastrous than a diplomatic victory. Austria-Hungary won a diplomatic victory in the Bosnia-Herzegovina affair in 1908 and 10 years later disappeared from the map. Hitler won a diplomatic victory at Munich in 1938 and died 7 years later in the ruins of Berlin. The little clique of self-perpetuating tyrants in the Kremlin might profit by their example. The only real diplomatic victories are those which benefit both parties. How many Americans can identify the Rush-Bagot Agreement, or tell what James G. Blaine contributed to inter-American relations? Yet the agreement was the true beginning of our now indissoluble friendship with Canada; and Blaine, by summoning a Pan American Conference in 1889 in terms still fresh, laid the cornerstone for the present inter-American relationships which contribute so mightily to our national security.

Policies Slow To Change

Critics also often accuse diplomats of having no policy, and recommend all sorts of radical steps. If there is one thing that history shows, it is that national interests change slowly if at all and national policies should be equally slow to change. Russia has displayed the same aggressive tendencies alike under czar and commissar. England has scarcely had a foothold on continental Europe in 5 centuries, yet has fought in every major continental war in that entire period—to prevent any one power from dominating the Continent. However much we may have wished to avoid it, we have found world leadership thrust upon us by a similar reason—we cannot permit aggressive dictators to overrun the world. The only real question is, how are we to accomplish this? Let me particularly point out that domestic elections do not change our national interests. A new administration can try new tactics, but it will disregard the underlying realities of the national interest only at its, and the Nation's, peril.

We shall not achieve peace and security by secur-

rying from one policy to another. At the risk of criticism, let me say that no policy is better than two policies, that if we change our policies radically to each shifting wind we shall end by destroying our prestige and our friendships everywhere abroad. We must be on the lookout for essential change, but we should never forget the need for consistency and continuity. It is so infinitely easier in foreign affairs to destroy than to build up. One act, one little word may destroy in a moment the work of years. Most of the panaceas in foreign affairs offered by zealous commentators have been rejected after careful consideration for very good reasons. The fundamental policy of the country is something like the fundamental code of an individual—a set of principles to be applied as specific situations arise. No one can predict accurately what those situations will be as our relations with other nations grow and develop, but the principles governing our relations should not be lightly changed. This counsels the most mature understanding and wisdom in our policy makers.

The endless, continuing flow of foreign affairs and the need for consistent, continuing policies point up the necessity for a highly trained and well-rounded career Foreign Service. That we have been steadily building up since the passage in 1924 of the Rogers Act, sponsored by the late husband of Edith Nourse Rogers and passed in the administration of President Coolidge. Primarily through that far-seeing measure we today have a trained, dedicated Service able to discharge the responsibilities derived from our worldwide responsibilities—a Service which should be a source of intense national pride rather than of obloquy.

Those from outside the Service who are appointed to top positions in the Department are among those who have most emphasized this thought. Almost without exception they will, and do, say that their task would be impossible without the skill, experience, and devotion to the national interest of our career Foreign Service.

There is no conflict between career and non-career in our foreign relations. In the career we recognize the great contributions made by distinguished noncareer ambassadors in achieving our foreign-policy objectives. We shall not forget, for example, how mightily Dwight Morrow improved our Mexican and inter-American relations. And if noncareer officials have their lapses, there is the more reason for a dedicated Foreign Service. We appreciate the inspiration and competition which comes to us from outside; all that we ask is that we shall be considered on our own merits; that we shall not be barred from any position for which our record may qualify us.

When foreign affairs had not yet become a matter of crucial national interest, our diplomats used to be criticized for wearing striped pants and spats while they pushed cookies at pink tea parties.

I haven't seen a pair of spats in our Service for over 20 years, and, as for the rest of it, I hope there is a special corner reserved in the nether regions where in the hereafter our critics will be forced to attend *all* the social activities of which they so glibly complain.

Nor should we be too critical of the flowery phraseology which our diplomats so often use. It is simply that they know that Dale Carnegie was right. When you are irritated, it may ease your feelings to give vent to a few choice lines of plain speaking, but it isn't likely to make the other man any more friendly. Diplomats are supposed to get results in dealing with other nations and not merely to tell the latter what they think of them. Some people think bluster is a substitute for action. The fact is that diplomatic bluster generally ends by leaving the nation using it with a very red face. It is as unwise in diplomacy as in any other walk of life to say something you don't mean—to have an empty bluff called. If in the jungle world of today we must for our own survival carry a big stick, let us not forget the other half of Theodore Roosevelt's admonition, to speak softly.

Our Foreign Service has no reason to be ashamed of its record. In the 1930's, when our press was discounting the military menace of Hitler and public opinion was isolationist, our diplomats were reporting that Hitler meant war—and were denounced on that account as warmongers, so enthralled by high-bosomed duchesses that we would needlessly drag the United States into wicked Europe's quarrels. During World War II our diplomats were accused of red-baiting whenever we suggested that the Soviet leaders might be something less than a choir of angels. After the war some of our Japanese experts were driven from office by public criticism, because they did not favor drastic measures against Japan. Today we are accused of taking strong doses of Communist dialectic with our morning coffee. I wearily wonder what preposterous charge the morrow will bring. If, like Cassandra, a diplomat can foresee an evil, it is not treason to predict it; it is what we are trained for. It will be a sorry day for the country if our diplomats are ever afraid to report disagreeable truths, or are too stupid to perceive them. Let that remain exclusively a taunt we can apply to Soviet diplomacy.

Relations With Latin America

In our Latin American relationships, we hear criticisms that we spurn democracy and fawn on dictators. On the other side of the street we are urged to protect our investments by being friendly only with those governments which uphold the status quo.

With regard to the first, we repeatedly tried in earlier years with the best of intentions to im-

pose democracy on several of our neighbors. We have yet to succeed, regardless of the methods we used. Intervention has understandably come to be a nasty word in Latin America, and experience has demonstrated that the best way to destroy democracy in Latin America is to seek to promote it by butting into the affairs of our sister republics. Do we in the United States like foreigners to pontificate about our domestic affairs? Do you think that better racial relations would be furthered in the United States by the interference of foreign governments? Your Government has learned its lesson, but quite a few of your fellow citizens haven't. The latter seem to forget that our Latin friends don't feel half as strongly about dictators as we do; three South American presidents now in office were freely chosen in elections held by their political opponents despite the fact that all three had previously served as dictators.

I do not mean that there is nothing we can do to promote democracy in Latin America. Without butting in we can do much to help build the foundations on which democracy must rest. Democracy must grow; it cannot be imposed. And through our technical cooperation we can promote its growth. By combating illiteracy, by improving health, by giving even the poorest something more than the bare means of subsistence, by interesting everyone in civic affairs, by awakening pride in national progress, by giving hope to the poor, the weak, and the oppressed, we can truly further democracy better than by interventions or moral lectures. That is the meaning of our point 4 work.

The other criticism—that our principal interest in Latin America must be to defend our property interests and consequently the status quo—simply overlooks the fact that Latin America is in a period of rapid and inevitable social change. We could do no greater disservice to our property interests than to disregard that fact, to tell the people of Latin America in effect that our property interests stand in the way of their national and personal aspirations for betterment. My own profound belief is that American investments can and will help our sister nations to realize their aspirations. Men can have only what they produce, and the amount they produce will not be determined primarily by their skill, their brawn, their intelligence—it will be determined by the tools, the capital they have to help them produce. To our sister republics we can provide not only capital but know-how. Better than by laws and treaties our capital will be protected by a belief in the nations where it is invested that it is there to their benefit, not to their hurt.

High Caliber of Foreign Service

When you hear criticisms of our Foreign Service, I hope you will bear in mind all of these factors I have described in deciding how much

weight to give them. I could tell you many tales, even personal ones, of people in our Foreign Service under fire or bombing raids in war or revolution, crossing perilous seas or skies, or serving amidst pestilence, flood, hurricane, earthquake, or many other kinds of bodily peril. In lauding our fighting services, let us not forget that our civilian Foreign Service must face many perils too. I have read with indignation stories implying our Foreign Service rides "Uncle Sam's Gravy Train" because I know some of the many sacrifices our Foreign Service has made to serve our country; I know the selfless, unsparing devotion it has given to our country's first line of defense. It is important that our Foreign Service be a disciplined, dedicated body prepared to meet any situation. But today, more than men of physical courage, we need men of intellectual integrity.

Until recently we have had superb material from which to choose our Foreign Service, but today the supply is drying up. Many promising young candidates are simply not disposed to undergo unrestrained sniping from the home front. Unless this trend is revised, irreparable injury may be done our national interests without the American public even being aware of it. Experts in handling foreign affairs cannot be trained overnight, despite some brilliant amateurs we have had in the field. And we should never forget that it may be years, when the officers now entering the Foreign Service are reaching the top, before we shall know whether those being picked today are capable of shouldering the immense burdens of our foreign relations tomorrow.

I fervently hope, therefore, that the American people, their elected representatives, and the press will show forbearance in criticizing our country's representatives abroad. We welcome constructive criticism; we are acutely aware in the perplexities which face us that we are not infallible; we know that democracy is a healthy form of government precisely because no one is immune from criticism; but we do ask our fellow citizens to consider what they are doing to their own interests by applauding wanton attacks on their Foreign Service. In few walks of life do so few have so much to do for so many. Upon the skill and experience of those men and women depends in substantial measure the success of our foreign policy—our peace, prosperity, security, our very national existence.

If diplomats occasionally make mistakes, their very caution generally saves them from irretrievable blunders. It is difficult for them to chart the Nation's course if they are distracted by a continuous uproar of misguided, contradictory criticism. It is not a question of individuals; it is a question of your Foreign Service, which, like your armed services, is an essential element

in your defense. You have a Foreign Service of which you can justly be proud; with public understanding rather than obloquy I am confident it will successfully meet the challenges inherent in the immense complexities of our present-day in-

ternational relations. The deep loyalty and devotion of the men and women in your Foreign Service deserve your confidence if they are to continue to serve you well in our country's interest and preservation.

Progress Toward Solving Current International Problems

by Under Secretary Smith¹

I am honored to be with you today and to substitute for Secretary Dulles, who would be here himself if the Berlin Conference had ended a few days earlier. As it is he returned Friday evening and will probably have to leave for Caracas at the end of the week. This brief period between the termination of one major international conference and the beginning of another one of equal importance is all too short for taking stock. Mr. Dulles is reporting to the Congress today and will report to the Nation tomorrow on Berlin. I do not want to anticipate this full report, but I can say that, while we made no progress in uniting Germany or in liberating Austria, the Conference nevertheless achieved a major advance in international politics.

Analysts of international affairs have referred to a Western victory at Berlin, and I believe that they are justified in so doing. I also agree thoroughly with one of them who wrote last week that "Secretary Dulles, in one of the great diplomatic performances of the generation, had defined the anti-Communist position so clearly and firmly that Molotov's room for maneuver was taken away." The Soviet Foreign Minister was compelled to disclose, in terms most repugnant to European neutralists and most revealing to those in this country who still indulge in wishful thinking, that Soviet Russia has not changed its basic world strategy. The Soviet Union is not willing to relax its grip anywhere and would like to extend its power if it can. The result has been to erase the effect of months of Soviet propaganda efforts. For about a year, ever since Stalin's death, many responsible European statesmen have been suggesting, with renewed hope, that it may now be possible for the West to deal fruitfully with the new regime in the Kremlin. Molotov not only demanded the abandonment of the European

Army concept but also insisted on the dismemberment of NATO and the total termination of U.S. military support to Europe.

I have attended most of the previous conferences of Foreign Ministers and I had daily detailed reports of this one. This is the most skilled opposition that Molotov has ever encountered. The first and most important result will be renewed Western solidarity. During the past years, rifts in policy have developed, and it is a major Soviet objective to widen them and to breach the Western front. At Berlin the Western Foreign Ministers closed ranks. Our European allies stood firm with us, and we believe that the prospects for European unity are increased by the unmasking of the Soviet purposes.

When the main focus of East-West discussions centered on the Orient, they touched an area where there remain some sharp divisions of policy among the free nations and on which there are deep political feelings, both in our own country and abroad. The discussions in Berlin led to agreement on a political conference to unite Korea. This had been agreed on at the time of the armistice. The terms of this conference are what we wanted. The place and composition are precisely what we have sought. No neutral will be present, and it is expressly stipulated that no recognition of Communist China is involved or implied. We were already talking to the Chinese Communists, as belligerents, at Panmunjom in an attempt to produce terms for the political discussions, where we recognize their existence simply as the malevolent force that has been fighting and trying to destroy our own. We have no intention of changing this viewpoint.

Now, I would like to discuss Korea and Indochina with you. Perhaps I can clear up some misunderstanding about the situation in the latter area.

¹ Address made before the Chicago World Trade Conference, Chicago, Ill., on Feb. 23 (press release 89).

Korea and Indochina

I link Korea and Indochina because to me they always represent two flanks of the same vast theater of action. They are both areas where Communist aggression has resorted to force to gain its objectives. In both, Communist force was met with counterforce by free nations. In both actions, the Chinese have encouraged the local Communist forces, have provided extensive material support, and in Korea finally actively intervened in great military strength. In Korea, United Nations resistance thrust them back to a line behind that from which the assault was launched. We were successful in bringing the hostilities to a halt and prevented forcible repatriation of prisoners of war. We have been trying to bring our enemies to a political conference table to discuss Korean unification and independence. The agreement reached at Berlin will do this, and if the conference fails it will expose Communist intentions even more clearly.

We are withdrawing two American divisions from Korea. This will not reduce U.N. combat power in Korea because the American divisions will be replaced by two new Korean divisions. At the same time our mobile naval, air, and amphibious forces are being further developed.

The difference is in the emphasis on national forces for national defense and the added strength and flexibility which we gain.

You will recall that when a truce was reached in Korea, the 16 U.N. members engaged in the fighting joined in a declaration.² They warned the Chinese Communists that in the event of a violation of the truce, of a renewal of the aggression, in all probability it would not be possible to confine the hostilities to Korea. At the same time, Secretary Dulles also put the Chinese Communists on notice that their open armed intervention in Indochina would have "grave consequences which might not be confined to Indochina."

The Chinese leaders cannot now contemplate further aggressive moves in either area with the assurance that their maximum risk is limited to such casualties as may be sustained by their so-called volunteers. This should deter any aggressive adventures by the Chinese Communists.

The military situation in Indochina is favorable. Contrary to some reports, the recent advances made by the Viet Minh are largely "real estate" operations.

The Communist technique is to advance through an area where there is little or no opposition, capture villages which have no military significance, and then advertise the action as a major campaign. The purpose behind these real estate offensives is as much psychological as it is military. They undoubtedly have some effect on the Vietnamese and Laotian people, and they are no help to those

French leaders who want to press the fighting in Indochina until the job is finished.

Tactically, the French position is solid and the officers in the field seem confident of their ability to deal with the situation.

Freedom as an Incentive

The shooting war in Indochina is only one phase of a broader war. We are contending with the Communists on the political and psychological fronts as well. Despite the advantage with which our enemies usually start in struggles of this sort, we have been making some headway. It is essential that the Vietnamese people, and the people of Laos and Cambodia as well, be convinced that they are fighting for their own freedom, not for colonialism. Once they are so convinced, they will have the incentive necessary for success.

Very soon, representatives of the Governments of Viet-Nam and of France meet in Paris to draw up the treaty which will complete Vietnamese independence. A similar treaty has already been signed with Laos and one is in prospect for Cambodia. I think that the signing of these treaties of independence will be a vital step in supplying the national regimes with prestige and stature, and they should convince the people of the Associated States that the French Union forces are the forces of freedom.

Incidentally, I have read current reports of extensive desertions by Vietnamese troops. A thorough inquiry reveals that the reports are greatly exaggerated. A total of 126 men were involved, and they were not troops of a regularly organized unit but of the irregular militia.

We do not give enough credit to the French Government for what it has done in Indochina. The war is now in its 8th year. The cost of its prosecution has been a steady and serious drain on the economy of France. What used to be a source of wealth is now a heavy expense, and there is a steady increase in the casualty list.

To many practical Frenchmen it seems a pointless and hopeless venture. To them it seems that they are being asked to make continued sacrifices in the interest of a former colony which is in process of becoming independent, and which may not elect to remain within the French Union. In these circumstances, it is not surprising that there is considerable sentiment in France for a negotiated settlement—almost any settlement that will let France extricate herself without further injury or expense. So far, the Government has been able to resist such pressure. It has been sustained by the support of those who know that France's prestige as a world power is at stake and who recognize France's responsibility to her allies of the free world.

In the bitter struggle against the Communists, the United States has given extensive material aid to the Union forces. The latest, and most pub-

² BULLETIN of Aug. 24, 1953, p. 247.

licized, were some medium bombers. Obviously, it is wasteful to provide aircraft or any other type of weapon to a force in the field unless there is some assurance of adequate maintenance. With this in mind, the French asked for and we increased our military aid group by 200 aircraft mechanics. These Air Force mechanics will train French mechanics to replace them and are to be withdrawn in June.

Where we can help the French and Associated States with materiel, we will do so. We have underwritten General Navarre's plan, and believe it will produce success.

Conference at Caracas

Next month the spotlight of international affairs focuses on Caracas, where the American States meet in conference. Here we will sit down with our neighbors, conscious of a growing atmosphere of continental solidarity and material respect. Unhappily, one American nation, Guatemala, has been deeply penetrated with the virus of international communism, but this is the source of as grave concern to every other American State as it is to us.

In Caracas, the questions to be discussed are largely economic. We have by comparison given very little direct aid to our Southern neighbors when one considers their importance to us, but they are people who want to stand on their own feet. Most of these nations are moving very effectively and positively to encourage private U.S. investments, to insure them against discriminatory practices, and to protect them. I hope that we, on our part, will be able, before the conference ends, to give them adequate assurance of support and of acceptance in principle of the highly important program worked out by Dr. Milton Eisenhower and his associates during his recent trip. I never read a more constructive report,³ and it deserves all possible support. We have no better nor more loyal allies than our Latin American friends. If we are inclined to get steamed up about the rise in coffee prices it is worthwhile remembering that if we grew the coffee that Colombia, for example, exports to us, it would cost about \$6 per pound. The producing countries are just as worried about these prices as we are—more so, in fact, because coffee is their money crop, and I believe that the investigation now in progress will demonstrate that the original producers are not the ones that are making the big profits.

Now, gentlemen, the one word of advice that the Secretary gave me before I left was a sentence from George Washington's copybook. It is "Let your discourse with men of business be short and comprehensive." I don't answer for the comprehensiveness, but I can at least provide good terminal facilities. Before taking advantage of them, I want to emphasize the great and immedi-

ate interest that American businessmen and merchants have in world affairs and the policy pursued by the United States Government in its dealings with other nations. American foreign policy has a profound impact on American business and industry, and conversely the welfare and the needs of American commerce exert a marked influence on United States world policy.

This interlocking relationship between business and foreign policy has existed since the earliest days of the Republic.

There is a long-term partnership between business and diplomacy. On frequent occasions, private commercial relationships existed before formal diplomatic ties had been established and paved the way for the latter.

For example, the network of American diplomatic missions in the Far East can be traced, in part, to the enterprise of the masters of the great clippers. They beat their way round the Horn to San Francisco and from there set out across the Pacific, bound for ports of call on the Asiatic coast. This "China trade" was a progenitor of our far-flung diplomatic and consular network in the Orient.

The duties of American diplomatic representatives abroad emphasize the protection and encouragement of private American commercial interests.

The U.S. Foreign Service

Therefore, in conclusion, I would like to speak of the men in our Foreign Service. It seems to me that it has become fashionable to deprecate their efforts to advance the welfare and the interests of the people of this country. At times their abilities have been publicly questioned. In extreme instances, doubts have been cast on their loyalty.

Because I am the product of 42 years of a harsher career service, and because it has been my privilege to work with our career Foreign Service, I wish to testify publicly that it would be difficult to find a group equal to them in dedication to duty, in competence, and in devotion to American interests and American ideals.

As supporting evidence, I quote from the report of a recent study mission of the Senate Committee on Foreign Relations:

The people of the United States can be proud of most of the men and women who represent them abroad. The old line career Foreign Service officers, in particular, have an ability, a know-how, an experience, and an insight into local conditions which our government is especially fortunate to have at its disposal, and which it could ill afford to do without.

I believe, from my own observation, that they have earned the full support and backing of their own—the American—people. We should give this for our own benefit. For, if ever in our history we needed effective representation abroad, we need it now. It is the purpose of this administration, with your help, to give it.

³ BULLETIN of Nov. 23, 1953, p. 695.

Our Foreign Policy in Today's World

by *Thruston B. Morton*

*Assistant Secretary for Congressional Relations*¹

When Mr. Elicker² asked me to be present this evening, he said that it was the desire of your group to know more about the policies of the Department of State . . . "So that they can give every possible cooperation to you and to the officials of our Government."

That was an invitation I could not refuse. We, the officials of your Government, need your cooperation. The success of the policies we are pursuing depends upon the support given us by the American people.

We cannot expect support, however, unless those policies are understood. In a democracy we see support without understanding as worthless. The two must go together.

From this group, understanding can be taken for granted. But you can be of inestimable service to us, and to your country, if you would spread that understanding. Especially at this time.

I say "at this time" because today the foreign policies of our country are undergoing certain changes. They are, to use a phrase employed by Secretary Dulles, being given a "new look." It is important that these changes be understood.

Perhaps "change" isn't exactly the right word. This "new look" is, rather, a development—an evolution. There have been developments in the world situation, and we are adjusting to them.

The basic objective of our policies, of course, remains the same. It is, as it has always been throughout our history, the security and welfare of the people of the United States.

The promotion of that objective is the duty of all Government departments and of all Government officials. It is the duty of all Americans.

Consistently, over the years, the attainment of that objective has called, from time to time, for a reexamination of our policies and the programs designed to put them into effect. Both have had to be adjusted continually to meet changing conditions.

The "new look" given U. S. foreign policies today tailors them to meet conditions as they are today.

By and large, these new policies have been made possible by those that have preceded them. The world situation that we face today is the result of what steps we have taken in the past.

Let me mention a few such steps briefly: (1) aid to Greece and Turkey, which checked the Communist drive to the Mediterranean; (2) the European recovery program, which put our friends and allies of Western Europe back on their feet after World War II; (3) the buildup of free-world defenses under NATO and the other defense programs; and (4) the action taken in Korea.

The importance of these policies can be best estimated if we try to picture where we, and the world, would be today had they not been adopted. If, in other words, Greece and Turkey had been permitted to slip behind the Iron Curtain, lost to the free world and added to slave-world strength. If the free nations of Europe had been left to flounder unaided in the political and economic morass that followed World War II. If we had permitted our own, and free world, military strength to further deteriorate until we had been helpless before the massed might of the Communists. If the aggression against Korea had gone unchecked.

None of these things happened. We took steps to prevent them, and the policies and programs we adopted worked. The overall danger that invoked those policies, however, remains today unchanged. The threat of Soviet imperialism is still the grim menace that it has been since the end of World War II. And, as far as we can see, there is no early prospect of change.

The problem confronting us now is handling this danger on a long-term basis.

Readjustments for the Long Pull

That problem calls for readjustments in our policies. It calls for new programs to fit those policies.

This "new look" is the answer.

¹Address made before the National Association of Secondary School Principals at Milwaukee, Wis., Feb. 20 (press release 79 dated Feb. 19).

²Paul E. Elicker, Executive Secretary, National Association of Secondary School Principals.

In the long pull ahead two "musts" stand out clearly:

We must maintain and cement the unity of the free world.

We must maintain and conserve the strength of that world.

Make no mistake about this. The only security for free men today and for the foreseeable future lies in the unity and strength of the free world. Together we can meet and overcome this danger.

Alone any one of us would have a tough time resisting the combined resources and strength of the Soviet Union and its satellites.

There are no satellites in the free world. We are equals. To maintain and conserve the unity of the free world, we have to keep firmly in mind that our unity is based on a free partnership.

We, the United States, to be sure, are the strongest of the partners. But that gives us no special *rights* in the partnership. It does, however, give us responsibilities. We must make very certain to differentiate between those two words.

This strength of ours is, in a fashion, one of our weaknesses. It is only human to resent the Big Fellow, the fortunate one, the man who seems to have everything while you have so little. The Big Fellow has his temptations too. Impatience is one of them. It is only too easy to be impatient when one sees something that needs desperately to be done and it looks as though one's partner didn't fully realize the urgency of the situation.

Our partners in the free-world coalition are human—we are human. The Soviets seek to play upon our weaknesses. They seek to use them to create dissension among us.

The Soviets are only too well aware of the importance to us and the danger to them of the unity of the free world. Today the primary objective of all Communist strategy is to divide that world. It is the motivation of many of their policies. Every word that comes out of Moscow is designed to contribute to that end. Mr. Molotov went to Berlin with that end in view. Every plan he advanced in Berlin had that one unchanging objective.

The French are unhappy over the situation in Indochina. Molotov intimated that could be settled. The Europeans need an outlet for their goods. He suggested that more than a billion dollars' worth of trade is waiting them in the Communist area.

All of the nations find the defense program a burden. He told them that peace under the Soviets would take care of that.

Constantly he reminded them that the United States is not Europe. There is no more convinced advocate of isolationism for the U.S.A. than Mr. Molotov. As one columnist remarked, he introduced throughout his remarks in Berlin an undercurrent of "we Europeans" that very cleverly excluded the United States.

The Communists are well aware that their great-

est mistake to date was in arousing the fears that cemented the free world. They are doing everything in their power to correct that mistake. The Berlin Conference was a very interesting performance from that angle.

The Berlin Conference, which just closed, was the most recent demonstration of these tactics. A similar show, however, is on the road throughout the free world. "Divide and conquer" is old totalitarian strategy. The Communists hope to put it to work for them.

And, of course, there are differences in the free world. The very fact that we *are* free means that we will differ. We do not seek the uniformity possible only under totalitarianism.

It is all-important to our security, however, that these differences be resolved in amity. We have made that a primary objective in our relations with our friends and allies of the free world.

Mr. Molotov and EDC

One of Mr. Molotov's chief targets in Berlin was the European Defense Community, EDC. He took pot-shots wherever he could at NATO, but EDC, not yet functioning, came in for the major share of his attention.

We, of course, are very concerned over EDC. As Secretary Dulles said recently:

Until the goals of EDC are achieved, NATO, and indeed future peace, are in jeopardy.

AS NATO's former head and now President of the United States, General Eisenhower has made it clear that there can be no long-term assurance of security and vitality for Europe, and therefore the Western World including the United States, unless the disunity between France and Germany is ended for all times.

Actually, of course, EDC is a European idea. It was suggested originally, in fact, by France. It is not new. European thinkers have proposed it, in some form or another, for centuries. Dante's *De Monarchia* is one such plan that comes to mind. We of the United States have always favored it. William Penn developed the idea in his *Essay Toward the Present and Future Peace of Europe*. Washington is quoted as saying, "Some day Europe will . . . form a United States of Europe."

Certainly, the Europeans in the last decade have gone a long way toward reaching unity. We feel that EDC is the next step. The majority of their leaders agree with us.

But we cannot impose EDC on Europe. It must come through their own volition. We can hope. We can encourage. But we can do very little else.

Mr. Molotov, to be sure, has a plan of unity for Europe: unity under the Soviets with the United States nicely isolated in its own hemisphere until they get around to taking care of us.

I have spoken of Europe. Neither the Soviet nor the U.S.A. is forgetting, however, the vast areas lying outside the Atlantic Community.

Even South and Central America, united as we are on most issues, have received Communist attention. Again the tactics are the same. They play upon unrest. They ferment dissension. They would create a cleavage between the Americas, North and South.

Asia, the Middle East, Africa, with their vast resources of manpower and materials, are rich prizes in the Soviet campaign. To divide and separate the several states, to create antagonism that would divide and separate them from the United States, is a "must" on the Soviet program.

They must not succeed. But it will take statesmanship of a high order to reconcile the differences here. Israel and the Arab States, India and Pakistan, Egypt and the United Kingdom, France and Morocco—our role must be that of impartial friendship. We dare not "take sides."

We have made one point abundantly clear in our new policies. There is no room in the "new look" for further aggression in Korea. If the Communists renew their aggressive tactics there, the response will not necessarily be confined to Korea. With that policy our friends of the free world are fully in accord. In a joint statement issued at the time of the Korean armistice, the 16 U.N. members with military forces in the Korean action said very plainly that a breach of the armistice "would be so grave that, in all probability, it would not be possible to confine hostilities within the frontiers of Korea."

That same policy applies to Indochina. In a recent speech Mr. Dulles made this very definite statement:

I have said in relation to Indochina that, if there were open Red Chinese Army aggression there, that would have grave consequences which might not be confined to Indochina.

The free world cannot afford another blood-letting such as Korea.

This is not sabre-rattling. It is a very clear, thoughtfully considered policy. We mean it. And we want to make certain that the Communists know, well in advance, what our intentions are if they elect to launch another aggression.

Tie With Domestic Policies

This new U.S. foreign policy ties directly into our domestic policies in that it is designed to maintain and conserve our own strength.

We are rich. But our riches are not inexhaustible.

Our past policies were expensive. They were emergency measures, and in emergencies one does not stop to count the cost. However, now that our defenses are approaching a reasonable degree of security and we are settling to the long pull, it is another matter. We do not propose to permit ourselves to be driven into practical bankruptcy by the Communists.

The Soviets talk a lot about their planning for "an entire historical era." We must prepare for the same.

We do not propose, I hasten to assure you, to weaken ourselves militarily just to save money. We will not, in fact, be forced to take such a dangerous step. In the past 6 years we have gathered tremendous strength. There is, for example, NATO. Other treaties of mutual assistance bind the free nations. Strategic airpower has been given tremendous impetus. Thanks to the strength and new emphasis upon our capacity to retaliate, we can now depend upon a steady degree of defense for our country and the free world.

We have the strength now and together with the priority in our defense planning on a mobile strategic reserve, we can, to quote Secretary Dulles, "deter such aggression as would mean general war. . . . We can let time and the fundamentals work for us. We do not need self-imposed policies which sap our strength."

The U.S. proposed the concept of the long haul at the April meeting of the NATO Council. It won general acceptance. Our allies, too, are deeply aware of the need to conserve resources and strength. No more than we, they do not want to be forced into "practical bankruptcy" and thus give the Communists victory by default.

Our own domestic policies, of course, gear into the "new look" given our foreign policies. We are taking steps not only to conserve our strength but to build it. Under the able and aggressive leadership of your own Senator Wiley, working for and with the President, we have for example launched the St. Lawrence Seaway project. As a security measure, if nothing else, that project will be of great worth.

The new collective security concept has reduced nonproductive expenses of our allies to a point where we are now able to cut down safely economic foreign aid. Trade, broader markets, and a new flow of investments are the substitutes we hope to offer. Such a program was recommended in the recent report of the Randall Commission, now being translated into legislation which the President will submit to Congress.

We did not propose cutting off economic aid entirely. Broadly speaking, however, hereafter it will be limited to areas where it is clearly needed for military strength.

Technical aid is being continued. We propose to share our "know-how" with our friends of the free world, helping them build strength through economic improvement.

Our support of the United Nations remains constant. The U.N. is, as President Eisenhower has said, still man's best organized hope to substitute the conference table for the battlefield. And at that conference table the United States will always be the first to arrive and the last to leave as long as one dim hope of peaceful settlement remains.

I am, as perhaps you know, a former member of Congress. As such I think I can, perhaps, appreciate better than most what President Eisenhower's determination to cooperate with Congress in the formulation of his policies has meant.

As a member, now, of the executive branch of the Government I can see, too, how difficult it is at times to make the contact. But it is being done. I have, for example, spoken of the cooperative efforts of the President and Senator Wiley to put across the St. Lawrence Seaway project. Other Presidents have been interested in this project. Other Congresses have considered the proposal. I heard it discussed and debated, off and on, throughout my 6 years in Congress, and it was a veteran when I arrived.

Teamwork between the "Hill" and the White House did it. The project has now passed the Senate and has been favorably reported by the House committee. I anticipate prompt and favorable action by the House. I had a personal experience with this teamwork last summer. Congress was in recess. There was an emergency. Something had to be done. The President *had* the legal authority to act, but he wanted more than that. So he sent us, his lieutenants, out. Harold Stassen, as I remember, went North. I went South. Others scattered to the East and West. We rounded up the congressional leaders and explained what the President wanted to do. In 36 hours we had won not only their consent but approval. There were no arguments when Congress reconvened as to the wisdom of the step taken.

The foreign policies adopted under the "new look" have been and are being discussed with congressional leaders. They are being and will be debated on the floors of both the Senate and House. Secretary Dulles, himself, will make three appearances early next week before congressional groups to discuss the new policies.

And that is the way we want it. This is an *American* policy. It must have *America's* support.

These are our policies in "today's world"—to quote from the title of this speech. They are fitted to the demands of today. They are building, however, the foundation of tomorrow—the tomorrow we all want of permanent peace and increasing prosperity.

All of us will share in the benefits of that tomorrow. In the United States all of us want a part in its construction. You can do your part if you give us your help in explaining new policies, the causes that have brought them into being, and the objectives they seek to attain.

It will not be possible, of course, to "blueprint" each exact step to be taken under the new policies. Actually one of the important features of the policy is that it is not rigid. Its greatest strength is its flexibility.

Nor do I think you would wish to see publicized

such a "blueprint", conceding one existed. I can imagine no greater service to the Soviets. They, indeed, would like to know exactly what is planned under every possible situation.

But the overall strategy has been announced. You can help in seeing it is given wide publicity.

We, the officials of your Government, ask your cooperation in the task.

Estonian Independence Day

Press release 91 dated February 23

Following is the text of a statement by Secretary Dulles on the occasion of Estonian Independence Day, observed on February 24:

In proclaiming American independence when our population was little more than 3½ million, our forefathers never doubted the right of the American nation to be free, or the equal right of other nations, large or small, to the same measure of freedom. The principle of the sovereign equality of all states, regardless of size, is today embodied in the Charter of the United Nations.

It is appropriate that we reaffirm, on this 36th anniversary of Estonia's Declaration of Independence, our deepest sympathy and admiration for the Estonian people who have been forcibly deprived of their personal liberty and their national independence. The restoration of the independence of those who have lost it remains the constant concern of the U.S. Government. Only when respect for the rights of small nations is universally respected will all nations know true peace and security.

Meeting of U.S.—Canada Trade Committee

Press release 96 dated February 26

The Department of State announced on February 26 that the Joint United States—Canada Committee on Trade and Economic Affairs will hold its first meeting at Washington on March 16.

Arrangements for the establishment of the Joint United States—Canada Committee were made in an exchange of notes on November 12, 1953.¹ It will be recalled that the suggestion for a Joint Committee was originally made during the visit of Canadian Prime Minister St. Laurent to Washington on May 8, 1953. The United States members are Secretary of State John Foster Dulles, Secretary of the Treasury George M. Humphrey, Secretary of Agriculture Ezra Taft

¹ BULLETIN of Nov. 30, 1953, p. 740.

Benson, and Secretary of Commerce Sinclair Weeks. The Canadian members of the Committee are Clarence Decatur Howe, Minister of Trade, Commerce, and Defense Production; James Garfield Gardiner, Minister of Agriculture; Douglas Charles Abbot, Minister of Finance; and Lester

Bowles Pearson, Secretary of State for External Affairs.

The activities of the Joint Committee constitute one aspect of the efforts of both countries to promote satisfactory trade relations on a multilateral basis.

The Development of United States Policy in the Near East, South Asia, and Africa During 1953: Part III

by Harry N. Howard

MUTUAL SECURITY AND ASSISTANCE PROGRAMS

The Problem of Mutual Security in the Near and Middle East

That the United States continued its fundamental interest in the security of the Near and Middle East during 1953 was clear from the early addresses of Secretary Dulles on foreign policy. Although the signing of the Tripartite Pact among Greece, Turkey, and Yugoslavia, on February 28, 1953, represented a contribution to the security of the Balkan region and of the Eastern Mediterranean, as did the October 12 agreement between the United States and Greece concerning base facilities, there was no progress with respect to the development of a Middle East Defense Organization, the outlines and principles of which were elaborated in October–November 1951.

In his report of June 1, 1953, concerning the Near East, Secretary Dulles expressed the view that the establishment of a Middle East Defense Organization was "a future rather than an immediate possibility," since "many of the Arab League countries are so engrossed with their quarrels with Israel or with Great Britain or France that they pay little heed to the menace of Soviet communism." Where the Soviet Union was near, there was more concern, however, and, in general, "the northern tier of nations" demonstrated "awareness of the danger." There was "a vague desire to have

a collective security system," but it could not be imposed from without, and "should be designed and grow from within out of a sense of common destiny and common danger." Secretary Dulles believed that, while awaiting the formal creation of a "security association," the United States could "usefully help strengthen the interrelated defense of those countries which want strength, not as against each other or the West, but to resist the common threat to all free peoples."⁵⁵

The Mutual Security Program for Fiscal Year 1954 showed a basic awareness of the problems in the Near East, South Asia, and Africa,⁵⁶ noting that in the Near East, "political instability, economic weakness and an almost total lack of military strength" presented "an open invitation to subversive forces from within and hostile political and military pressures from without." Moreover, "the prestige of the western Democracies, including the United States in the Moslem States" had "progressively deteriorated in the postwar era" and required "the most urgent and decisive remedial measures." The objectives of the United States in the Near East and Africa were described as follows:

- (a) Promotion of stable governments and peaceful relations within the region;
- (b) Expansion of economic development and trade, including the removal of discriminations and restrictions impeding trade with and among the individual states;
- (c) Development toward self-sustaining economies;
- (d) Promotion of friendly relations between the region and the West, looking to a fuller participation of its

⁵⁵ BULLETIN of June 15, 1953, p. 835.

⁵⁶ See *The Mutual Security Program for Fiscal Year 1954. Basic Data Supplied by the Executive Branch*, 83d Cong., 1st sess. (Committee print). See especially pp. 22–27, 34–36.

EDITOR'S NOTE. For Parts I and II of this article, dealing primarily with political problems, see BULLETIN of February 22, page 274, and March 1, page 328.

people in the structure of the free world and to a climate in which plans for the region's defense can mature;

(c) Active and effective cooperation of the countries of the region in the event of general war.

In South Asia, where there were grave threats to freedom and independence, "the preservation of free governments and institutions and the continued adherence of this area to the free world" were "of critical importance to the security of the United States."

As submitted to the Congress on May 5, 1953, President Eisenhower's requested authorization was for some \$4,024,523,000, of which \$425,812,637 was to go to the Near East and Africa, \$397,412,637 for military material and training, and the major portion to Greece and Turkey. In an accompanying message to the Congress⁶⁷ President Eisenhower stated "certain clear conclusions" with respect to the problem as a whole, among others, that "we must help the free nations to help themselves in eradicating conditions which corrode and destroy the will for freedom and democracy from within." In the end, the Mutual Security Act, which was signed on July 16, 1953, authorized \$396,250,000 to provide military assistance to Greece, Turkey, and Iran, and \$50,000,000 for military assistance for the general area of the Near East and Africa. It also authorized some \$50,000,000 for economic and technical assistance in the Near East and Africa, \$50,000,000 for the Arab refugees from Palestine and refugees coming into Israel, and \$194,000,000 for special economic assistance in the area as a whole. The sum of \$94,400,000 was authorized for assistance to India and Pakistan. The Mutual Security Appropriation Act, signed on August 7, 1953, however, designated \$270,000,000 in military assistance, mostly for Greece and Turkey, and \$33,792,500 for technical and economic assistance in the Near East and Africa, special economic assistance being reduced to \$147,000,000, the Palestine refugee program to \$44,063,250, and assistance to India and Pakistan to \$75,000,000. Moreover, the U.S. contribution to multilateral technical cooperation (largely under the United Nations) was reduced to \$9,500,000 and that to UNICEF to \$9,500,000.⁶⁸

⁶⁷ *Ibid.*, ix-x. See also the statements by Mr. Dulles on May 5, 1953 (BULLETIN of May 25, 1953, p. 736) and July 9 (BULLETIN of July 20, 1953, p. 88) and by Harold E. Stassen on May 5, 1953 (BULLETIN of May 25, 1953, p. 740).

⁶⁸ See Public Laws 118, 218, 83d Cong. See also *Mutual Security Legislation and Related Documents with Explanatory Notes*, Committee on Foreign Affairs, House of Representatives, December 1953 (Committee Print).

In the President's budget message of January 21, 1954, net expenditures for economic and technical development in fiscal year 1955 were estimated at \$1,028,000,000, which reflected proportionately greater emphasis on programs in Asia, Africa, and Latin America. With respect to the Near East, the budget provided assistance to the Arab refugees through the United Nations and for technical assistance and supplementary development in the Arab States, Israel, and Iran. (See BULLETIN of Feb. 1, 1954, p. 147.)

These figures, however, should be set in the perspective of the total of American foreign aid since 1941, in general, and more particularly since the end of the war. Thus, between 1941 and fiscal year 1953, the gross foreign aid of the United States reached no less than \$84,348,000,000 in grants and credits, the net being \$82,276,000,000, while the total between July 1, 1945, and the end of fiscal year 1953 reached \$45,124,000,000 gross, or \$41,348,000,000 net. For the Near East, South Asia, and Africa the total between 1941 and the end of fiscal year 1953 was approximately \$3,353,000,000 gross, or \$2,922,000,000 net, distributed generally as shown in the chart.⁶⁹

U.S. Technical and Economic Assistance Programs

Most of the basic agreements for technical cooperation between the United States and the countries of the Near East, South Asia, and Africa were concluded during 1950-1951, although there have been many specific agreements since that time.⁷⁰ A few examples may be taken from this manifold program of assistance to illustrate the kinds of projects which are being carried out.

Greece, Turkey, and Iran—Greece and Turkey have been the subject of special programs of assistance, designed to strengthen their defensive positions with a view to preserving their independence in a highly important area of the world. Both have received large-scale economic benefits from American assistance, of which village reconstruction in Greece and road construction in Turkey may be taken as particular illustrations.⁷¹ Iran has been the recipient of technical assistance, on the other hand, in addition to the emergency assistance extended in the summer of 1953, of which note has already been made.⁷²

⁶⁹ In general see *Foreign Aid by the United States Government, 1940-1951. A Supplement to the Survey of Current Business*. United States Department of Commerce, Bureau of Foreign and Domestic Commerce, Office of Business Economics; Cora E. Shepler, "Foreign Aid in Fiscal Year 1952," *Survey of Current Business* of October 1952, p. 6; E. S. Kerber, "United States Foreign Aid in the Fiscal Year 1953," *ibid.*, October 1953, pp. 15-20. In addition, \$581,000,000 gross and \$550,000,000 net in assistance went to undesignated areas in Asia and the Pacific between 1945 and fiscal 1953.

⁷⁰ See especially *Greece: Strong Defense at a Strategic Crossroad* (Department of State publication 5040); George A. Spear, "Rebuilding 2,100 Greek Villages," *Field Reporter* of March-April 1953 (Department of State publication 4972), p. 28; Blythe Ellen Foote, "Turkey Likes U. S. Libraries," *ibid.*, July-August 1953 (Department of State publication 5106), p. 31.

⁷¹ For background see Jonathan R. Bingham, "Understanding Point Four," BULLETIN of Dec. 29, 1952, p. 1016; Stanley Andrews, "The United States and the Underdeveloped Areas," *ibid.*, Feb. 23, 1953, p. 306; Stephen P. Dorsey, "How Shall a Christian Look at Point Four?," *ibid.*, Feb. 23, 1953, p. 311; Arthur Z. Gardiner, "Problems of Trade with the Middle East," *ibid.*, Mar. 23, 1953, p. 432.

⁷² Jean Dupont Miller, "Rural Development in Iran," *Field Reporter*, January-February 1953 (Department of State publication 4874), p. 13.

	1941-1945		1945-1953	
	Gross	Net	Gross	Net
Greece.....	\$79,000,000	\$79,000,000	\$1,639,000,000	\$1,543,000,000
Turkey.....	90,000,000	90,000,000	431,000,000	388,000,000
Iran.....	34,000,000	24,000,000	59,000,000	39,000,000
Israel.....			252,000,000	244,000,000
India.....	742,000,000	160,000,000	269,000,000	236,000,000
Near East and Africa (unspecified).....	121,000,000	86,000,000	108,000,000	101,000,000
TOTAL.....	\$1,066,000,000	\$439,000,000	\$2,758,000,000	\$2,551,000,000

The Near and Middle East—With the exception of Syria and Yemen, all states of the Near and Middle East had signed general agreements for technical cooperation by 1953, and some progress had been made as to a number of programs. Thus it was announced on January 13, 1953, that Thomas D. Cabot, a prominent business executive, had arrived in Egypt to advise and assist in developing Egyptian industries under a technical cooperation program. The purpose was to stimulate actual development, including the location of specific opportunities, recommendation of action necessary to attract investment in particular fields and sites for industrial development, and the development of general plans for advancing industrialization in consonance with the aims of Egypt's general economic and social development program.⁷³

Moreover, on March 19 a large-scale program was announced in which the United States would assist Egypt in reclaiming wastelands and resettling farmers. The United States was to contribute \$10,000,000 to a joint fund, with the Egyptian Government contributing the equivalent of \$15,700,000 in Egyptian pounds; an Egyptian-American Rural Improvement Service would be established to administer the fund. According to preliminary estimates, some 20,000 acres in the Baheira area and 60,000 acres in the Fayoum were to be reclaimed by drainage and other measures, and some 16,000 families were to be resettled. This program represented a major expansion of American assistance to Egypt, and was to be developed around villages, the accepted pattern of Egyptian rural life. The project also included assistance in the organization and operation of cooperatives, demonstrations of improved water conservation and management practices, training of agricultural extension and other rural-service workers, and advice to farmers in management and improved methods.⁷⁴

Under a technical cooperation agreement, the Government of Saudi Arabia has been assisted in revising and modernizing its entire tariff and customs system, as a part of a broader undertaking for systematizing the entire fiscal and monetary structure of the Government. A monetary agency

was established, a system of Government control over expenditures and receipts was inaugurated, a new currency law adopted, ground-water surveying and water-well construction continued and expanded, surveys completed for the Riyadh-Jidda railway, the first commercial school started, and preliminary work completed on a cooperative community-development program, which is to be a large-scale effort on the part of the Saudi Arabian Government to improve the economic and social conditions of villagers.⁷⁵

On April 7, 1953, the U.S. Technical Cooperation Mission in Baghdad signed an agreement with Iraq to provide technical assistance in carrying out the vast Miri Sirf (state-owned lands) land development and resettlement program, ultimately involving some 19,000,000 acres, about two-thirds of which are considered capable of some development. Three projects are now in operation, involving some 200,000 acres and 1,600 families, while other projects, in various stages of development, involve more than 1,000,000 acres and 10,000 families. The Miri Sirf project is one of the largest and most significant efforts of its kind in the Near East, to which a considerable amount of Iraq's oil reserves are being devoted. The project involves enormous problems, such as the surveying and classification of lands according to their agricultural capabilities, planning and construction, assistance in farm planning and management, credit facilities, establishment of schools and provision of teachers, development of health clinics, and guidance in the formation and operation of cooperatives. A major difficulty is the general lack of technicians in Iraq. While the agreement provides for no additional allocation of funds or personnel, the Technical Cooperation Administration (now the Foreign Operations Administration) is to assist in planning the program and supplying technical advice, train Iraqi technicians, aid in research and survey work, and provide some demonstrational equipment and supplies necessary to teach improved methods.⁷⁶

In response to an urgent request from Jordan for assistance when the spring rains were small and late and a disastrous crop failure resulted, the United States provided grant aid of up to 10,000

⁷³ BULLETIN of Feb. 9, 1953, p. 223.

⁷⁴ *Ibid.*, Apr. 6, 1953, p. 498.

⁷⁵ *Ibid.*, Jan. 12, 1953, p. 56.

⁷⁶ *Ibid.*, Apr. 27, 1953, p. 610.

tons of wheat to combat famine conditions among the people of that country, the agreements being signed in exchanges of October 14-21, 1953.⁷⁷

Israel also has been the recipient not only of large-scale grants and credits but of significant technical assistance. As an example, during 1953 Israel sent 50 trainees to the United States under TCA grants, and plans were developed for making some 200 technical experts available over a 2-year period in the fields of agriculture, fisheries and forestry, education, public health and sanitation, natural resources, industry and commerce, and public administration.⁷⁸

But the United States was also interested in the broader development of the Near East, since it believed "that the interests of world peace" called for "every possible effort to create conditions of greater calm and stability in the Near East." In this interest, President Eisenhower announced on October 16, 1953, that Eric Johnston was being sent to the Near East as his personal representative, with the rank of Ambassador, "to explore with the governments of the countries of that region certain steps which might be expected to contribute to an improvement of the general situation in the region."⁷⁹ Note was made of the problem of the Arab refugees as one of the major causes of disquiet in the Near East, and of the fact that, during a period of 4 years, the United States had contributed \$153,513,000 to aid these refugees. One of Mr. Johnston's major purposes, it was stated, would be "to undertake discussions with certain of the Arab States and Israel, looking to the mutual development of the water resources of the Jordan River Valley on a regional basis for the benefit of all the people of the area." Mr. Johnston was to make known the concern of the United States regarding "the continuation of Near Eastern tensions" and to express its willingness "to assist in every practicable way in reducing the areas of controversy." He was also to indicate "the importance which the United States Government attaches to a regional approach to the development of natural resources" which "held a promise of extensive economic improvement in the countries concerned through the development of much needed irrigation and hydroelectric power and through the creation of an economic base on the land for a substantial proportion of the Arab refugees." The President was convinced that acceptance of such a comprehensive program "would contribute greatly to stability in the Near

East and to general economic progress of the region."⁸⁰

Mr. Johnston, who reported to the President and Secretary Dulles following his return from the Near East on November 17, indicated that he had not expected or asked for decisions at this time from the various governments concerned. He stated that the attitude which he had encountered, nevertheless, gave him reason to believe that, after serious scrutiny, the Jordan Valley project would commend itself to the states concerned as a sound and constructive approach to some of the most critical issues contributing to present tensions in the area. He felt that—

acceptance of the proposals by the Jordan Valley states would not only go far toward resolving the highly controversial question of rights to the vital water of the River Jordan, but clear the way for the construction of irrigation and hydroelectric installations to provide an economic base in the Jordan Valley for upward of 300,000 people. This would offer an opportunity to settle a substantial number of the Arab refugees now living on international relief rolls in the Arab countries of the region.

Mr. Johnston thought the United Nations could be trusted with the effective execution of such a project, noting that each country could undertake "unilateral commitments to the coordinating agency, which could serve as a clearinghouse and a catalytic agent."⁸¹

South Asia—There have also been significant aid programs in South Asia, such as, for example, the emergency Export-Import Bank loan of \$1,500,000 to Afghanistan, announced on January 8, 1953, for the purchase of wheat in the United States, to be distributed by the Afghan Government in certain critical areas.⁸²

In the case of India, the International Bank for Reconstruction and Development made a loan of \$31,500,000 on December 18, 1952, to the Indian Iron and Steel Company in West Bengal, under the guarantee of the Indian Government, to assist the company in carrying out a 5-year project for increasing blast furnace capacity from 640,000 to 1,400,000 tons of iron and for raising its steel capacity from 350,000 to 700,000 tons per year.⁸³ Moreover, on December 30, 1952, it was announced that a TCA agreement had been signed to provide for an American contribution of \$5,200,000, to be matched by an Indian equivalent of \$3,129,000 for malaria control.⁸⁴ Contracts were signed in New

⁷⁷ *Ibid.*, Nov. 30, 1953, p. 749. See also Eric Johnston, "Jordan River Valley Development," *ibid.*, Dec. 28, 1953, p. 891.

⁷⁸ For details of the contemplated project see *The Unified Development of the Water Resources of the Jordan Valley Region*. Prepared at the request of the United Nations under direction of Tennessee Valley Authority by Chas. T. Main, Inc., Boston (1953), 78 pp.

⁷⁹ BULLETIN of Jan. 19, 1953, p. 103.

⁸⁰ *Ibid.*, Jan. 12, 1953, p. 54.

⁸¹ *Ibid.*, Jan. 12, 1953, p. 55. The funds were to be used for supply of 4,000 tons of wettable DDT, 2,250 Hudson sprayers, 4,500 stirrup pumps, 75 motor-driven sprayer units, 75 microscopes, 300 trucks, 75 jeeps, and 9 station wagons.

⁷⁷ *Ibid.*, Jan. 11, 1954, p. 55.

⁷⁸ See Bruce McDaniel, "Israel and U.S. Aid," Department of State *Field Reporter*, July-August 1953 (Department of State publication 5106), p. 6. On July 27, 1953, it was announced that Israel had joined the Mutual Security Agency's Contact Clearing House Service, which provides for a two-way exchange of investment opportunities (BULLETIN of Aug. 17, 1953, p. 211).

⁷⁹ BULLETIN of Oct. 26, 1952, p. 553.

Delhi and Lucknow on February 6, 1953, with Harold T. Smith, Inc., of Washington, D. C., for drilling 300 tube wells in the state of Pepsu, 255 in Punjab, and 200 in Uttar Pradesh, as part of the 2,000 wells involved in the Indo-American Program. The tube well program, for which \$13,700,000 of United States funds and the Indian equivalent of \$9,300,000, was designed to achieve an increase in India's food production and to help overcome its food deficit.⁸⁵

On December 28 the Foreign Operations Administration announced another agreement with India calling for expenditures of \$20 million and the Indian equivalent of \$6,730,000 for the purchase of 100 new locomotives and 5,000 new freight cars, in the interest of improving India's railroad system. On January 20, 1954, the Foa announced that, under an Indo-American project, India's farm-equipment manufacturers, railways, and construction industry would be the principal consumers of 200,000 tons of steel being provided during 1954. The agreement provided for \$25,500,000 in U.S. funds to finance purchase of steel from free-world markets outside India.^{85a}

The United States and Pakistan, as a supplement to the agreement of February 2, 1952, signed an agreement on April 1, 1953, providing for an American allotment of some \$12,254,000, with an equivalent from Pakistan. At the same time projects were approved for the utilization of \$8,437,500 of these funds for (1) the continuation of the Village Agricultural and Industrial Development Program, (2) importation of fertilizer, (3) construction of a water development laboratory at Karachi, (4) construction of a fertilizer factory at Karachi, (5) construction of an irrigation and reclamation dam across the Bolan River at Sibi (Baluchistan), and (6) assistance in the development of modern fishing facilities at Karachi.⁸⁶

In view of the serious wheat problem, a number of steps were taken to assist Pakistan, including the sending of Dean Harry Reed of the College of Agriculture at Purdue University to survey the situation. Following an intensive study, Dean Reed reported late in May 1953 that the most urgent problem was that of assuring food during the next year.⁸⁷ To help meet this critical situation, President Eisenhower advised Congress on June 10, 1953, that the people of Pakistan were faced with famine and urged that 1,000,000 tons of wheat be sent on an emergency basis, out of stocks held by the Commodity Credit Corporation. Congress acted with dispatch and the legislation was signed on June 25, 1953. The first wheat shipments reached Karachi less than a month later, and by November 25 some 350 tons had reached Pakistan.⁸⁸

⁸⁵ *Ibid.*, Feb. 16, 1953, p. 266.

^{85a} *Ibid.*, Jan. 18, 1954, p. 88; Feb. 1, 1954, p. 156.

⁸⁶ *Ibid.*, Apr. 13, 1952, p. 531.

⁸⁷ *Ibid.*, May 18, 1953, p. 723; June 8, 1953, p. 818.

⁸⁸ *Ibid.*, June 22, 1953, p. 889; July 6, 1953, p. 15; Dec. 14, 1953, p. 822; S. Doc. 2112; *Cong. Rec.*, June 16, p. 6831.

Africa—Both Liberia and Ethiopia have received important technical cooperation assistance from the United States; the Liberian program dates back to the war years. Under the general agreement of 1950 a Joint Liberian-United States Commission for Economic Development was established, to which the Liberian Government assigns approximately 20 percent of its total annual revenue. Airfield and harbor construction have been carried out and economic and health missions have assisted the country.⁸⁹

On May 22, 1953, an agreement was signed with Ethiopia whereby the United States was to provide equipment and training for the Ethiopian armed forces, composed of some 20,000 men. Moreover, by 1953, the United States had contributed some \$2,000,000 in technical and economic assistance to Ethiopia, the local contribution being some \$500,000, with the American staff totaling some 67 people. Primarily technical assistance in agriculture has been involved, one agricultural secondary school having been opened and another planned. The Ethiopian Government plans to spend \$5,000,000 on an agricultural and mechanical college.

Export-Import Bank Loans

Even before the inauguration of the programs for technical and economic assistance, the Export-Import Bank of Washington had authorized a number of loans in the Near East, South Asia, and Africa for the economic development of countries in that general area. By July 1953, these loans were substantially as shown in the table on p. 370.⁹⁰

U. S. Support for U. N. Programs

As in the past, the United States also continued its support to the United Nations programs for technical and economic assistance during 1953. Ambassador Lodge,⁹¹ in addressing the United Na-

⁸⁹ See Department of State *Field Reporter* of May-June 1953 (Department of State publication 5028), p. 21. See also *Point 4 and Liberia* (Department of State publication 4899). Note may also be made of an Export-Import Bank loan of \$17,000,000 to Portugal for railway construction from Rhodesias to the port of Lourenço Marques in Mozambique (BULLETIN of Feb. 9, 1953, p. 223). See also in general *Point 4 Profiles* (Department of State publication 4859).

⁹⁰ See *Export-Import Bank of Washington, Sixteenth Semiannual Report to Congress for the Period January-June 1953*, Appendix C. It may be noted that loans in Africa as a whole totaled \$151,576,000 and in Asia \$529,209,000.

⁹¹ BULLETIN of Mar. 9, 1953, p. 384. For brief reviews of the U.N. Programs see U.N. docs. A/2404, *Annual Report of the Secretary-General on the Work of the Organization, 1 July 1952-30 June 1953*, p. 97, and *passim*; A/2430, *Report of the Economic and Social Council Covering the Period from 2 August 1952 to 5 August 1953*, p. 62; E/2353/Add/1 (ST/ECA/9/Add/1, *Review of Economic Conditions in the Middle East 1951-52*, p. 145; E/TAC/28, *Technical Assistance Activities under the Expanded Programme, Status Report as at 30 November 1953*, 69 pp.

EXPORT-IMPORT BANK LOANS IN THE NEAR EAST, SOUTH ASIA, AND AFRICA 1945-1953

Country	Date	Amount	Purpose
Greece	1/9/46	\$25,000,000	U. S. products and services. Some \$10,436,000 of loan cancelled or expired; about \$13,689,000 outstanding.
Turkey	9/11/45 11/26/47	32,094,281	Various types of industrial, electrical railway, port, and shipping equipment. Some \$672,425 cancelled or expired.
Iran	10/6/50	25,000,000	Cancelled or expired.
Israel	1/19/49 10/26/49	135,000,000	Loans for agricultural equipment, transportation, housing, tele-communications, port and industrial equipment. About \$122,000,000 outstanding.
Egypt	7/16/47	7,250,000	Equipment for fertilizer and chemical industries. \$6,525,000, outstanding.
Saudi Arabia	1/3/46 7/20/50	40,000,000	Products and services, cement plant construction, materials and equipment. Some \$25,000,000 cancelled or expired.
Afghanistan	1/22/49	21,000,000	U. S. equipment, materials and services for canal and dam construction. About \$17,500,000 outstanding.
Pakistan	9/17/52	15,000,000	Wheat purchases in United States.
Ethiopia	6/10/46 6/22/50	3,000,000	Aircraft and spare parts, communications equipment, and industrial machinery. About \$613,900 outstanding.
Liberia	3/27/49 6/14/51	10,350,000	Iron ore production, highway improvement and construction, water supply, and sewage system. About \$300,000,000 outstanding.
TOTAL		\$313,694,281	

tions Technical Assistance Pledging Conference on February 26, 1953, stated that the program could be "a powerful force for the development of latent resources, both human and physical," and noted that, in contrast to certain governments which spoke loudly of their interest in underdeveloped countries, but did nothing about it, the United States for some 25 years had participated in bilateral programs of assistance and had contributed to the United Nations program from its inception. Approximately 1,000 experts from the United Nations were now at work, and the program was already producing results, as in locust control in the Near East, and in Asia, Africa, and Latin America, where animal diseases had deprived millions of people of necessary nutrition. Ambassador Lodge also noted that "in the great arid and semiarid areas of the world, exploration and technical operations" were "bringing water to the surface for the livelihood of countless men, women, and children." In other areas, "swamps, and lowlands" were "being drained and controlled—with a resulting drop in malaria and a rise in food production." Moreover, "extension programs" were "bringing the findings of agricultural science to the individual farmer and showing him how to put them to work."

In concluding his remarks, Ambassador Lodge, on behalf of the United States pledged—

a maximum of \$14,708,750 to the Expanded Program of Technical Assistance for the calendar year 1953 provided that the United States pledge does not exceed 60 percent of the total pledges made by all governments for this period.

In the end 63 Governments pledged \$20,863,575 toward the goal of \$25,000,000, and, at 60 percent of the total pledges at the Third Technical As-

sistance Conference, the American contribution would total \$12,518,145.⁹²

Henry Ford II expressed similar sentiments in the General Assembly on October 2, 1953,⁹³ when he reaffirmed the American belief in the United Nations program, and indicated that the United States had carried "a major share of the burden, about eight times more than the next largest contributor." As Mr. Ford stated, the United States was "not interested in exploiting anybody," but was "interested in the mutual advantages which flow from an unfettered exchange of skills, goods, and ideas with other peoples. This is neither altruism nor imperialism—it is simply enlightened self-interest." He believed that the program's funds should be concentrated so that whatever jobs were undertaken would be done well, and he looked forward to the day when the "concept of technical assistance" could "have a program more adequate to its needs," for "technical assistance" was "a solid bridge between the miseries of the past and the hopes for the future."

The United States also contributed heavily to the capital of the International Bank for Reconstruction and Development, which has assisted in financing a large number of development projects. By June 30, 1953, out of an authorized capital of \$10,000,000,000, the subscribed capital totaled \$9,036,500,000. The total paid-in subscription of the United States totaled \$635,000,000 and was available to the Bank for lending purposes. By

⁹² BULLETIN of Mar. 16, 1953, p. 422. See also U.N. doc. E/TAC/31, *Financial Arrangements for the Expanded Programme of Technical Assistance*.

⁹³ *Ibid.*, Oct. 19, 1953, p. 531; U.N. doc. A/C/2/SR.252, p. 28.

September 4, 1953, the Bank had made 85 loans, totaling \$1,633,618,464, in 29 countries. Among

loans in the Near East, South Asia, and Africa were the following:⁹⁴

Country	Date	Amount	Purpose
Ethiopia.....	13/9/50 ..	\$5, 000, 000	Highway rehabilitation
	13/9/50 ..	2, 000, 000	Foreign exchange for Development Bank
India.....	18/8/49....	1, 500, 000	Telephone and telegraph systems
	18/8/49....	34, 000, 000	Railway rehabilitation
	29/3/49....	10, 000, 000	Agricultural development
	18/4/50....	18, 500, 000	Electric power development
	23/1/53....	19, 500, 000	Electric power, flood control, irrigation
India (Guarantor).....			
Iraq.....	15/6/50....	12, 800, 000	Construction of flood control project
Pakistan.....	27/3/52....	27, 200, 000	Railway rehabilitation
	13/6/52....	3, 250, 000	Agricultural development
Turkey.....	7/7/50....	3, 900, 000	Constructor of grain storage facilities
	7/7/50....	12, 500, 000	Port construction and development
Turkey (Guarantor).....	19/10/50..	9, 000, 000	Foreign exchange for development of private industry
TOTAL.....		\$190, 150, 000	

But the United States has also contributed in major proportion to other agencies of the United Nations which have rendered assistance to underdeveloped areas, such as the FAO, WHO, and UNESCO.⁹⁵ This was also true of UNICEF, which by 1951-1952 had shifted its emphasis from Europe to underdeveloped areas to such an extent that 88.4 percent of its funds went to Africa, Asia, the Eastern Mediterranean, and Latin America. Congress appropriated \$9,814,333 to UNICEF in 1953, by which time the United States had already contributed some \$87,416,667 to its humanitarian work. The United States joined with other United Nations members on October 6, 1953 in placing UNICEF on a permanent basis.⁹⁶

Some Summary Observations

Such were the broad and complex, as well as the very specific, problems confronting the United States from the Near East, South Asia, and Africa, and the policies developed to meet them. That they could not be met by arms alone, nor merely by political alliances, was clear from Secretary Dulles' statement that "we must recognize the equal dignity of all men and find a way to provide opportunity that extends from the most

fortunate to the least fortunate among us."⁹⁷ Vice President Nixon expressed the same fundamental when, following his extensive visit to the Far East, South Asia, and the Middle East in the fall of 1953, he indicated that the peoples of Asia wanted independence, economic progress, and peace, along with freedom of choice as to their culture, religion and economic systems—in other words, a "fundamental recognition of their equal dignity as human beings." Mr. Nixon thought it essential that, "by deed and word and thought," the American people prove that their ideals of tolerance, liberty, and equal rights were a living reality, noting that every American citizen could contribute toward "creating a better understanding of American ideals abroad by practicing and thinking tolerance and respect for human rights every day of the year."⁹⁸ In his State of the Union message to the Congress on January 7, 1954, President Eisenhower sketched out a broad and balanced policy for South Asia and the Middle East, in which he bespoke the necessity of maintaining technical assistance and declared:⁹⁹

"In South Asia, profound changes are taking place in free nations which are demonstrating their ability to progress through democratic methods. They provide an inspiring contrast to the dictatorial methods and backward course of events in Communist China. In these continuing efforts, the free peoples of South Asia can be assured of the support of the United States.

"In the Middle East, where tensions and serious problems exist, we will show sympathetic and impartial friendship."

● *Mr. Howard, author of the above article, is United Nations Adviser for the Bureau of Near East, South Asian, and African Affairs.*

⁹⁴ See International Bank for Reconstruction and Development, *Eighth Annual Report, 1952-1953* (Washington, 1953), 68 pp.; *Supplement to the Eighth Annual Report: A Summary of Developments in the Bank from July 1 to September 4, 1953* (Washington 1953), 4 pp. BULLETIN of Jan. 12, 1953, p. 54.

⁹⁵ For UNESCO assistance programs, see UNESCO *Official Bulletin* Vol. V, No. 5 (November 1953), 182.

⁹⁶ Martha M. Eliot, "The United Nations Children's Fund," BULLETIN of Aug. 31, 1953, p. 288; see also Mrs. Oswald B. Lord's statement of Oct. 5, 1953, in support of continuation of UNICEF on a permanent basis, *ibid.*, Oct. 19, 1953, p. 553. The 1953 budgets for eight of the specialized agencies were as follows: ILO, \$6,223,368; FAO, \$5,250,000; UNESCO, \$8,528,482; ICAO, \$2,817,167; WHO, \$8,485,095; UPU, \$390,300; ITC, \$1,304,319; WMO, \$359,881. The net budgets of these agencies totaled \$33,358,612. For an excellent summary review of their work see *United Nations Bulletin* of Jan. 15, 1954, p. 72.

⁹⁷ Address of Nov. 18, 1953, before the Congress of Industrial Organizations, Cleveland, Ohio (BULLETIN of Nov. 30, 1953, p. 742).

⁹⁸ *Ibid.*, Jan. 4, 1954, p. 13.

⁹⁹ *Ibid.*, Jan. 18, 1954, p. 76.

The Right to Freedom and Self-Determination

by Mrs. Oswald B. Lord

U.S. Representative in the U.N. Commission on Human Rights¹

It is nice to be back here again. When my husband and I were here several years ago, we liked it so much that we were determined to come back at the first opportunity, but I little thought we would be back on an occasion like this. I feel very humble and very shy before such a distinguished group, and it is indeed a privilege and a great honor to address you.

The hospitality you have shown us already in the short time we have been here is a worldwide tradition. Four hundred and sixty years ago, Christopher Columbus landed on the west coast of Puerto Rico. He and his descendants brought to you the culture of Spain. As your Governor has so well said, being on the frontier of two great cultures has given you the opportunity to work out a destiny different from and better than the destiny of millions of people throughout the world.

In July 1952 we formalized a new relationship between the people of Puerto Rico and the people of the United States.² This status of Puerto Rico is a remarkable demonstration of political freedom and self-determination. This places Puerto Rico as an important link in understanding between the United States and our Latin American friends. It places you in a favored position to interpret to the world the meaning of liberty and democracy.

Today is the birthday of Abraham Lincoln. Nearly a century ago he spoke these solemn words of dedication: "Our fathers brought forth on this Continent a new nation, conceived in liberty and dedicated to the proposition that all men are created equal." These statements are basic to the conception of human rights. Human rights are also most important on the international scene. Not only do we all wish to persuade people against communism—and of course we have constant vigorous running battles to achieve that—but we

want to spread wide around the world the doctrine of the supremacy of the individual, a faith in the dignity of man and of his ability to shape his own future. We want the business interests of all countries to understand the merits and the methods of operation of the free-enterprise economic system—the unparalleled driving force of individual initiative which has made our countries great. You have done this and your great Governor has taken the leadership in this endeavor. You have diversified your economic life from a primarily agricultural community through infant industry laws whereby private industries can be attracted to Puerto Rico, and all this has resulted in a phenomenal development marked by the addition of hundreds of private industries.

Right to free speech, freedom of the press, freedom of worship, freedom of assembly, all these are channels through which the common everyday citizens seek and receive information about their work and about new methods of work; about their living conditions, good or bad, and the reasons for them; about their local officials, their state governments, and their national government. Whenever any of these channels are blocked, whenever free speech or free press is inhibited, whether by law or by the arbitrary rule of a dictator or by fear generated by groups of intolerant wealthy people—whenever these things happen the decisions of our society are warped, are misshapen, and the common good suffers. Our national security then is actually threatened.

When the President called on me to serve on the Commission on Human Rights, there were many reasons why I accepted, but uppermost was my personal conviction that nothing is more important today than safeguarding these rights. I follow the work of the United Nations in this field with the deepest interest, and I find it a great privilege to do what I am doing. Our approach to the problem of human rights, like our approach to other problems in the United Nations, should be that no nation is perfect and that there is room everywhere for improvement.

¹ Address made on Feb. 12 at San Juan before a Joint Session of the Puerto Rican Legislative Assembly.

² For a statement by President Truman regarding the new relationship, see BULLETIN of July 21, 1952, p. 91.

Effectiveness of Operation "Boot Strap"

I look back on my early days as a volunteer social worker and I recall the poverty, the misery, and the ignorance in some of the areas where I worked. But I am equally conscious of the improvements that have been made, not only in those areas but all through the world. Both Columbus and Lincoln today would praise and marvel at the advances you have made. They would join, I am sure, with me in paying tribute to this tremendous economic, social, and educational advance that you have made in recent years. We all know this came about in large measure as a result of the wise use which you have made of the initial help which we were able to give and upon which, on your own initiative, you have developed local education and leadership, all of which has demonstrated its effectiveness in operation *Boot Strap*.

As your Governor has said: "By these operations we are improving man's stay on earth—not only the making of a better living for man but more important the making of a better life."

Let us for a minute now discuss the last session of the United Nations General Assembly. Contributing in a distinguished way to this last session was the Resident Commissioner in Washington, Dr. Antonio Fernós-Isern. He performed a great service on the U. S. delegation where he was spokesman for the United States when the Puerto Rican item was discussed in Committee IV of the General Assembly.³ My assignments at the last General Assembly were concerned mostly with the work in the social and humanitarian field, but I also was very much interested in the United Nations technical assistance program—which resembles a great deal the point 4 program—programs which do not make the headlines, as Mr. Vyshinsky getting off and on a boat usually makes a headline, but programs which are really helping to wipe out the root causes of war and communism.

Henry Ford II, who served on the U.S. delegation and served in a remarkable way—I wish you could have heard his remarks one day in Committee II, when the Russian delegate said that the United States was doomed to an economic depression—was talking about the so-called democracy in the capitalistic country. Henry Ford said he couldn't speak for all the businessmen of the United States, but he could speak for the automobile manufacturers, and he knew they were going to have a big year; and he said: "The Russian delegate points out that the United States is in a very bad way financially, but," said Henry Ford, "I have just been in another Committee where the budget is being discussed, and all countries are agreeing that the United States share of the budget should be lowered and Russia's share should be lifted; and," said Henry Ford, "the Russian

delegate has just pointed out in that Committee that Russia is so badly off and the United States is so well off they don't think there should be a change in the budget." Henry Ford made this remark in handling this program in that Committee: "We all recognize that the continued existence of very low living standards in large areas of the world is unhealthy. We know that the existence of vast depressed areas is a heavy drag on the whole world economy. The American people, who have experienced the benefits of a vigorous and prosperous economy, have a real stake in the development of similar situations abroad. We are not interested in exploiting anyone. We are interested in the mutual advantages which flow from an unfettered exchange of skills, goods, and ideas with other peoples. This is neither altruism nor imperialism—it is simply enlightened self-interest."

Technical Assistance Programs

We cannot speak of technical assistance programs without referring to Dr. Rafael Picó, Chairman of the Puerto Rican Planning Board, who is now in India as an expert adviser attending the United Nations International Seminar being held in New Delhi. A great humanitarian, he is contributing to the welfare of the world. I thought I would like to give you an example of one project that the United Nations program is carrying forward. Cha-Choeng-Sao, about 60 miles from Bangkok, is the site of an old Buddhist monastery. In Thailand, teaching has been, and is, the traditional function of the priests. That perhaps may be why they selected the temple for the experts from many countries to work on this, to mix and mingle with the yellow-robed priests, working to the tinkle of temple bells on this project in Thailand.

Their goal is the reformation of the whole educational system in Thailand, and the team working in Thailand includes a New Zealand expert in fundamental education, a primary school specialist from Denmark, a specialist in language teaching, a vocational training expert from the United Kingdom, and a science teacher from the United States. There are other experts from the Netherlands and two from Norway—the United Nations in miniature.

In addition specialists from the World Health Organization, the Food and Agriculture Organization, and the International Labor Organization are working on the project, coordinating the program with the practical life of the people, carrying the fight on ignorance into the fight on hunger and disease.

When we speak of these United Nations programs helping people to help themselves—these pilot projects—let's not forget your programs here. For example, your program in aided self-

³ For text of his statement, see *ibid.*, Dec. 7, 1953, p. 798.

help housing, whereby self-help housing, weather-proof, termite-proof, hurricane-proof houses can be built for nominal amounts through the method of aided self-help—a program which has attracted wide interest not only in neighboring countries but throughout the more distant parts of the world.

It is not enough for all of us to work to improve economic, health, and welfare conditions. We must all work toward helping countries achieve those human rights we take for granted.

The progress made in spreading the ideas and ideals of freedom to the United Nations has been considerable, and one of the foremost examples has been the Universal Declaration of Human Rights which incorporates a good deal of the Bill of Rights, and which has been incorporated in the constitutions of many of the newly formed countries, such as Indonesia, such as in the Preamble of the new Constitution of Japan.

Spiritual Affinity Between Free Nations

Spiritually there is a natural affinity between the free nations. It goes deep. It is the one bond that cannot be severed. It rises above the frustrations of surface differences. It rises above personalities which, in free nations, are important. That is our bond, our mutual devotion to freedom and our respect for the individual. Working together in the United Nations that bond has become increasingly strong.

Now, I think our foreign policy must concern itself with global military security, but military security is not enough. Our bases would rest on treacherous sands if our policy were not directly concerned with the great forces which animate men. We must be concerned with economic and social advancement of peoples. We must be concerned with advancing freedom and opposing tyranny. Our policy must carry a moral weight which derives from spiritual strength. We must have peace without bankruptcy. The United Nations is helping to build a foundation of peace at the price we can pay. You are helping to promote this foreign policy, especially with our Caribbean neighbors, through the Central Vocational Training School which has carried on the scholarship program, with students from the Caribbean area and other parts of the world, providing corps of young people trained in vocational arts so greatly needed to improve conditions in all of these countries.

May I close by reaffirming what your Governor—your great leader—has said. You are approaching your multitudinous problems with courage born of the knowledge that you have traveled far on a rocky road; as he further said: "We face that future with the faith that man can and does rise above the pettiness of social position, racial differences, and local and personal economic interests to work for the common good."

We believe that not only Columbus would understand; we believe that all Americans to the North and to the South of Puerto Rico, representing the two great cultures that meet and grow friendly in Puerto Rico—trail blazers both in their different ways—will also understand.

The necessity for developing a bond of friendship based on freedom was emphasized by President Eisenhower in his message which I carried to the United Nations Human Rights Commission:

"People everywhere are seeking freedom—freedom to live, freedom from arbitrary restraint, freedom to think and speak as they wish, freedom to seek and find the truth. We must press ahead to broaden the areas of freedom. The United States is convinced that freedom is an indispensable condition to the achievement of a stable peace."⁴

THE DEPARTMENT

Resignations

On February 25 President Eisenhower accepted the resignation of Donald B. Lourie as Under Secretary of State for Administration. The effective date of the resignation is March 5. For the texts of Mr. Lourie's letter of resignation and the President's reply, see White House press release dated February 25.

Appointments

Charles F. Baldwin as Economic Coordinator for the Far East, Bureau of Far Eastern Affairs, effective March 1 (press release 86).

⁴ *Ibid.*, Apr. 20, 1953, p. 580.

Africa. The Development of United States Policy in the Near East, South Asia, and Africa During 1953: Part III (Howard) 365

American Principles
 Our Foreign Policy in Today's World (Morton) 361
 Report on Berlin (Dulles) 343
 Understanding Our Foreign Service (Cabot) 353

Canada. Meeting of U.S.-Canada Trade Committee 364

Economic Affairs
 Meeting of U.S.-Canada Trade Committee 364
 Progress Toward Solving Current International Problems (Smith) 358

Estonia. Estonian Independence Day (Dulles) 364

Far East. Responsibilities of the United States in the Far East (Robertson) 348

Foreign Service
 Progress Toward Solving Current International Problems (Smith) 358
 Understanding Our Foreign Service (Cabot) 353

France. Progress Toward Solving Current International Problems (Smith) 358

Human Rights. The Right to Freedom and Self-Determination (Lord) 372

Indochina. Progress Toward Solving Current International Problems (Smith) 358

International Organizations and Meetings
 Secretary Dulles Returns From Berlin Conference (remarks) 347
 Invitations to Korean Political Conference 347
 Meeting of U.S.-Canada Trade Committee 364
 Report on Berlin (Dulles) 343

Korea. Invitations to Korean Political Conference 347

Military Affairs. Progress Toward Solving Current International Problems (Smith) 358

Mutual Security. The Development of United States Policy in the Near East, South Asia, and Africa During 1953: Part III (Howard) 365

Near East. The Development of United States Policy in the Near East, South Asia, and Africa During 1953: Part III (Howard) 365

Poland. Closing of Polish Consulates General 352

Porto Rico. The Right to Freedom and Self-Determination (Lord) 372

South Asia. The Development of United States Policy in the Near East, South Asia, and Africa During 1953: Part III (Howard) 365

State, Department of
 Appointment (Baldwin) 374
 Closing of Polish Consulates General 352
 Resignation (Lourie) 374

United Nations. Commission on Human Rights: The Right to Freedom and Self-Determination (Lord) 372

Name Index

Baldwin, Charles F. 374
 Cabot, John M. 353
 Dulles, Secretary 343, 347, 364
 Howard, Harry N. 365
 Lord, Mrs. Oswald B. 372
 Lourie, Donald B. 374
 Morton, Thurston B. 361
 Robertson, Walter S. 348
 Smith, Walter Bedell 358

**Check List of Department of State
 Press Releases: February 22-28, 1954**

Releases may be obtained from the News Division, Department of State, Washington 25, D.C.

Press releases issued prior to February 22 which appear in this issue of the BULLETIN are Nos. 68 of February 15, 75 of February 18, 79 of February 19, and 86 of February 20 (rewrite).

No.	Date	Subject
88	2/23	Dulles: Return from Berlin
89	2/23	Smith: International problems
†90	2/24	Airplane incidents of July 1953
91	2/23	Estonian Independence Day
*92	2/23	Holmes leave of absence
93	2/24	Dulles: Report on Berlin
94	2/25	Polish consulates general
†95	2/25	Robertson: Destroyers for China
96	2/26	U.S.-Canada trade committee
97	2/26	Korean conference, Geneva
*98	2/26	Merchant-Maisel conversation
†99	2/27	Delegation to Caracas

*Not printed.
 †Held for a later issue of the BULLETIN.



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The Department of State

Vol. XXX, No. 768

March 15, 1954



THE SPIRIT OF INTER-AMERICAN UNITY ● <i>Address</i> <i>by Secretary Dulles</i>	379
PEACEFUL CHANGE THROUGH THE UNITED NA- TIONS ● <i>by Assistant Secretary Key</i>	394
FAITH IN THE FUTURE OF CHINA ● <i>by Assistant Secretary Robertson</i>	398
THE SIGNIFICANCE OF THE BERLIN CONFER- ENCE ● <i>by Walter P. McCaughy</i>	402
THE ORGANIZATION OF VOLUNTARY FOREIGN AID : 1939-1953 ● <i>Article by Arthur C. Ringland</i> . . .	383

For index see inside back cover



The Department of State bulletin

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March 15, 1954

The Department of State BULLETIN, a weekly publication issued by the Public Services Division, provides the public and interested agencies of the Government with information on developments in the field of foreign relations and on the work of the Department of State and the Foreign Service. The BULLETIN includes selected press releases on foreign policy, issued by the White House and the Department, and statements and addresses made by the President and by the Secretary of State and other officers of the Department, as well as special articles on various phases of international affairs and the functions of the Department. Information is included concerning treaties and international agreements to which the United States is or may become a party and treaties of general international interest.

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The Spirit of Inter-American Unity

Address by Secretary Dulles¹

I am happy to be attending this Tenth Inter-American Conference. I have looked forward to this ever since becoming the United States Secretary of State. The recent Four Power Conference at Berlin was, at my request, arranged to conclude so as to make possible my presence here. I wanted to be here because in my opinion this Conference reflects the finest traditions of foreign policy. It produces solidarity among many nations on a basis of sovereign equality. That relationship has been tried and tested for many years. It survives as an example which others would do well to follow.

At Berlin there was a good deal of discussion about this unity of the American states. Mr. Molotov proposed that it should be copied in Europe. He produced a draft of a European security pact² which he claimed was modeled on our inter-American treaty made at Rio de Janeiro in 1947.

As I read his draft I saw that many words were indeed taken from our treaty. However, I said to Mr. Molotov that he could never reproduce in Europe what we had in the Americas merely by copying words. I directed his attention to the Preamble of the Rio Pact which proclaims that "peace is founded on justice and moral order and, consequently, on the international recognition and protection of human rights and freedoms." I said that whenever the Soviet Union made such words a living reality then indeed much could be done to end the era of danger in which we live.

The fact is that Soviet communism stands for the liquidation of the values upon which our fraternal association is based. It denies the very existence of justice and of a moral law. It believes that peace is not founded on righteousness but on power. It does not believe in law as a shield which protects all, whatever be their status, but rather that law is the means whereby those in

power liquidate their enemies. It does not believe in human rights and freedoms but rather that human beings are designed to serve their masters and to create the means of extending their masters' power. It is a mockery for those who hold these beliefs to pretend that they can reproduce on a European basis that which we have joined to create here on an American basis.

The death of Stalin has brought no basic change in Soviet policy. It remains expansive not merely out of greed but because it fears freedom. That was the most distressing aspect of the Berlin Conference. We discussed with Mr. Molotov time after time, both in formal meetings and privately, the granting of liberty to the peoples of East Germany and Austria. Mr. Molotov said, and I believe he said with conviction, that the Soviet Government could not tolerate an extension of freedom because it feared that freedom might be abused.

To Soviet Communists, freedom is frightening. To them it is inconsistent with order. Also they know that freedom is contagious. That is why they feel that they will not be safe until they have liquidated freedom as a major force in world affairs.

The Threat to the Americas

We here in the Americas are not immune from that threat of Soviet communism. There is not a single country in this hemisphere which has not been penetrated by the apparatus of international communism, acting under orders from Moscow. No one of us knows fully the extent of that conspiracy. From time to time small parts are detected and exposed.

The earliest postwar exposure of major importance was made in Canada by a Royal commission. It showed how Communist efforts directed from Moscow had drawn many well intentioned persons into a conspiracy to undermine the free Government of Canada. In the United States

¹Made at Caracas, Venezuela, on Mar. 4 (press release 109).

²For text, see BULLETIN of Feb. 22, 1954, p. 269.

there has been a succession of exposures and judicial convictions which prove that international communism plots against our form of government. I venture to say that every delegate here knows of similar activities within his own country which are being conducted from Moscow or way stations.

This Communist conspiracy is not to be taken lightly. Its agents operate under the iron discipline of the Soviet Communist Party, acting as the self-proclaimed "General Staff of the World Proletariat." The agents themselves, in order to gain a following, pretend to be reformists seeking to eradicate the evils which exist in any society.

None of us want to be maneuvered into the position of defending whatever Communists attack. We do not carry on political warfare against ideas or ideals. But equally we must not be blind to the fact that the international conspiracy I describe has in 15 years been primarily responsible for turning what were 15 independent nations into Soviet colonies, and they would if they could duplicate that performance here.

In the past century battleships were the symbol of aggression against the hemisphere. Today the apparatus of an alien political party endangers the independence and solidarity of the Americas. From the earliest days of the independence of our countries we have all stood resolutely for the integrity of this hemisphere. We have seen that that integrity would be endangered unless we stood resolutely against any enlargement here of the colonial domain of the European powers. We have made our position in this matter so clear that it is known to and accepted by all the world. What was a great danger has thus receded.

We have not made it equally clear that the integrity of this hemisphere and the peace, safety, and happiness of us all may be endangered by political penetration from without and that we stand resolutely and unitedly against that form of danger. Because our position has not been made clear, the danger mounts. I believe that it is time to make it clear with finality that we see that alien despotism is hostile to our ideals, that we unitedly deny it the right to prey upon our hemisphere, and that if it does not heed our warning and keep away we shall deal with it as a situation that might endanger the peace of America.

What I suggest does not involve any interference in the internal affairs of any American Republic. There is ample room for natural differences and for tolerances between the political institutions of the different American states. But there is no place here for political institutions which serve alien masters. I hope that we can agree to make that clear.

Of course there will be some in other lands who will not like that. *Pravda*, the official organ of the Soviet Communist Party at Moscow, carried an important editorial on March 2 which was addressed to us here. It protested against the possibility that this Inter-American Conference might adopt an anti-Communist resolution. I

suggest that rather than listen to those words we listen to the words of Simon Bolívar, in whose birthplace we meet. He symbolizes the independence to which we all are dedicated. Addressing the Congress of our host nation more than a century ago, he said, "Slavery is the offspring of darkness; an ignorant people is a blind tool, turned to its own destruction; ambition and intrigue exploit the credulity of men foreign to all political, economic or civil knowledge; mere illusions are accepted as reality, licenses taken as liberty, treachery for patriotism, revenge for justice."

This Conference has been shocked by the startling attack on Members of the United States Congress by those who professed to be "patriots." They may not themselves be Communists. But they had been subjected to the inflammatory influence of communism, which avowedly uses extreme nationalism as one of its tools. What they did is precisely in the Soviet Communist pattern. It should harden our resolve to be alert to danger and to detect and thwart the plotting of those who in the name of "nationalism" and "patriotism" do what in fact destroys liberty and turns men and nations into slaves.

The United States recognizes that the freedom and independence which we all covet, and which we are resolved to preserve, is based not only on political and moral considerations but also on economic and social well-being. The United States Government is confident of its ability to maintain the health and vigor of its own national economy. President Eisenhower, in his recent economic report to the Congress, said that "the arsenal of weapons at the disposal of the Government for maintaining economic stability is formidable."

The Economic Problem

This is important not only for ourselves but also for others. A high level of economic activity within the United States creates a demand for imports and provides the means for continued economic development in this hemisphere and elsewhere. It is, of course, a fact and properly a fact that no government operates primarily in the interests of other peoples. The first responsibility of every government is to its own people, for whom it acts in a trustee capacity. Nevertheless it is also true that no government adequately serves its own people unless it also is concerned with well-being in other countries.

Nations generally have it within their own power to do most of what is required for decent and healthy social conditions for their people. The task is thus primarily a domestic one. But there is need for international conditions which facilitate a mutually advantageous exchange of goods and a mutually advantageous flow of capital from the more developed countries to the countries which are less developed. That is for all a matter of enlightened self-interest.

I can assure you that President Eisenhower sees as clearly as any living person that the welfare of the United States is related to that of others. When last year our President asked his brother to visit the South American countries it was primarily that this message might be brought to you in a manner so authentic that no one could doubt it.

Dr. Milton Eisenhower's report³ has been brought to the attention of our Government Departments with a request that they do all within their power to carry out its recommendations. Much has already been done in this respect and more is in prospect. For example, the Commission on Foreign Economic Policy, the Randall Commission, has made specific recommendations⁴ which would give effect to that part of the report which stressed the importance of stabilizing the rules of international trade. Also, funds for technical assistance and cultural cooperation are being increased. The latter is particularly significant in view of Dr. Eisenhower's recommendation for "strengthening efforts to increase intercultural understanding as the foundation of mutually advantageous cooperation in all relevant areas."

There are five specific matters which I might mention at this time.

COFFEE

1. First let me speak about coffee. I know that it is not the desire of the coffee-producing countries of the Western Hemisphere that prices should be so high as to discourage consumption and build up habits of drinking other beverages. Present prices are, I believe, primarily due to natural causes beyond human control. Possibly to some extent natural conditions are aggravated by artificial trading on United States commodity exchanges.

But that is not a responsibility of the producers. We are looking into that phase of the problem, and I am sure that all will welcome any relief that can be found in that quarter. The consumers of the United States do not like it when prices go up just as you do not like it when prices of your exported commodities go down. We accept it that in a free system there are bound to be fluctuations in both directions. And I can assure you that there is no plan afoot to attempt to deal arbitrarily with the problem of prices by imposing some artificial price ceiling.

WOOL

2. Another matter which I know concerns you is that of wool. The United States Tariff Commission has recommended to the President an increase in the tariff on wool. The President, however, has another plan which he has submitted to Congress which will, it is hoped, adequately sup-

port the wool industry of the United States without imposing increased duties on imported wool. The President told me last week that he had no intention of acting favorably on the Tariff Commission's recommendation, pending congressional consideration of his own proposal.⁵

TECHNICAL COOPERATION

3. There has been some speculation with reference to the future of some of our governmental policies, principally with respect to the Technical Cooperation Program and the activity of the Export-Import Bank. We in the United States consider that the Technical Cooperation Program is an important way of bettering conditions of living elsewhere. It spreads knowledge, and knowledge is the great liberator. The Technical Cooperation Program operates on a modest basis with more dependence on quality than quantity. The quality of its work has, I believe, improved with experience.

In Latin America the evidence is that this fact is accepted by the governments concerned, which have multiplied their own financial support of this program and taken over projects for further independent development. In such fields as public health and agriculture we can all feel a real satisfaction in the knowledge that these cooperative efforts have assisted in broadening and strengthening the basis for economic development by providing more and better food for a more healthy population. The Government of the United States firmly supports the continuance of our bilateral technical assistance programs as well as the programs carried on by the Organization of American States.

Much important work in the field of public health and agriculture is done by private organizations, as, for example, the Rockefeller Foundation. It has made an immense contribution of technical knowledge which has assisted Latin American Governments in stamping out many forms of disease. It is assisting in promoting agricultural knowledge. The United States Government encourages these private efforts. But also it intends at a governmental level to supplement them.

CAPITAL FLOW

4. The United States was developed with the help of private foreign capital, and it would like to see its own capital now help to develop the great resources of other countries of this hemisphere. There exists in the United States ample capital which is ready, willing, and able to perform its development function not only at home but also abroad.

The spectacular development of Canada during this century has been primarily due to cooper-

³ *Ibid.*, Nov. 23, 1953, p. 695.

⁴ *Ibid.*, Feb. 8, 1954, p. 187.

⁵ See p. 393.

ation between the private investors of the United States and those in Canada. Approximately 5 billion dollars of private United States capital have been invested in Canada and have made a significant contribution to producing for Canada one of the highest standards of living in the world.

We can see here in our host country the results of international cooperation. No one who has spent even a few days in this great and growing city can fail to be impressed by the atmosphere of creative vitality. I am told that nearly 2 billion dollars of private foreign capital have come to Venezuela on a mutually advantageous basis.

The results are open for anyone to see. There are other countries into which substantial United States capital has also flowed. The total of United States private direct investments in Latin America amounts, I believe, to about 6 billion dollars. This is a large figure, particularly when it is borne in mind that domestic capital always provides the greater part of any country's financing. Indeed, I understand that over 90 percent of the total investment undertaken in Latin America is now derived from domestic sources, a happy augury of the growing strength of this great area.

Some countries have seen fit to put artificial obstacles in the way of what would be the normal and natural flow of capital between highly developed and less developed countries. That is, of course, their privilege. In these matters every nation is sovereign.

The United States Government has not the slightest desire or intention to extort for its people opportunities which are not freely accorded. We would, however, like to see the economies of our American friends and neighbors more vigorous than in some cases they are. We would like to see living standards raised, employment increased, and wages such as to provide the workers with greater rewards. For these reasons we hope that no country will impose restrictions which unnecessarily inhibit cooperation for development.

In the United States private capital and free enterprise constitute the great source of our own economic well-being. That is a source which we do not try to keep at home. It is free to go abroad, and we welcome its international activities. Indeed, President Eisenhower in his recent Budget Message to the Congress recommended certain modifications in our tax laws which will encourage our capital and business people to work abroad. However, private capital cannot be driven. It has to be attracted. Therefore, the decision rests with you.

THE EXPORT-IMPORT BANK

5. There are some development projects which may not be suitable for or attractive to private capital, domestic or foreign. The International Bank for Reconstruction and Development, which most of us here participated in establishing and to

which the United States has made important capital contributions, is the primary instrument through which the free world can cooperate in the public financing of economic development.

We have also in the United States in the public financing field the Export-Import Bank, a national institution of my own Government. One important function of this institution will continue to be that of affording export credits either through direct loans or guarantees.

There has been speculation as to whether this bank has withdrawn from the field of economic development. I am glad to be able to clarify this matter. The Export-Import Bank will consider on their merits applications for the financing of development projects which are not being made by the International Bank and which are in our common interest, are economically sound, are within the capacity of the prospective borrower to repay and within the prudent loaning capacity of the bank.

Spiritual Unity

I have spoken of political and economic matters. Let me in conclusion speak of what is most important of all, that is, understanding and cooperation in spiritual and cultural matters.

It has been my happy experience to have been associated many times with the representatives of the Latin American countries at such gatherings as the Assembly of the United Nations. Also I recall gratefully the cooperation of the American Republics at the two San Francisco Conferences—that of 1945, which drafted the United Nations Charter, and that of 1951, which concluded the Japanese peace treaty.

The unity which generally prevails between us at international gatherings is nothing that is artificial. It is not, indeed, primarily geographic. It is a unity which exists because of a harmony of the spirit.

It has been my experience that the Governments of the American Republics usually act alike internationally because their peoples believe in the same fundamentals.

We believe in a spiritual world; we believe that man has his origin and destiny in God; we believe that this fact requires human brotherhood.

We believe that, just as every human being has dignity and worth, so every nation great or small has dignity and worth and that international relations should be on the basis of mutual respect and equal dignity.

We believe that nations, like men, are subject to moral law and that in the international field the task is to develop international law and to conduct international affairs in accordance with the standards of moral law.

That is the conception of my Government. I believe that it is a conception which the nations here generally share. Of course we are all fallible.

None of us realizes fully his ideals. But the essential is to have ideals and to try to practice them. I expect that we shall do so here.

In that conviction I look to our Conference with eager anticipation. It will, I believe, be both a source of satisfaction to ourselves and also a symbol which will show men everywhere how good can be the fruits of freedom.

U. S. DELEGATION

Press release 99 dated February 27

The U.S. delegation to the Tenth Inter-American Conference, which is scheduled to convene at

Caracas on March 1, 1954, will be headed by Secretary of State Dulles. Other delegates are Samuel W. Anderson, Merwin L. Bohan, W. Randolph Burgess, John M. Cabot, John C. Dreier, Henry F. Holland, Andrew N. Overby, Herman Phleger, Fletcher Warren, and Samuel C. Waugh.

Congressional advisers are Sen. Bourke B. Hick-enlooper of Iowa and Sen. Theodore F. Green of Rhode Island.

Alternate delegates are Glenn E. Edgerton, David E. Kaufman, Mrs. Floyd Lee, Thomas C. Mann, Arturo Morales Carrion, William Sanders, H. Gerald Smith, and Clayton E. Whipple.

The Organization of Voluntary Foreign Aid: 1939-1953

by Arthur C. Ringland

The Marshall plan initiated far-reaching governmental and intergovernmental programs of economic and technical assistance with which the public is familiar. The public is familiar too with appeals for personal help to the less fortunate in other lands. What is not so well known is the character, scope, and organization of this help from the time of the invasion of Poland in 1939 to the truce in Korea in 1953, and the collaboration of the Government with the agencies entrusted with the public's support. A summary of this phase of our foreign interests is recorded in view of the transfer of the Advisory Committee on Voluntary Foreign Aid from the Department of State to the Foreign Operations Administration on July 1, 1953.

The service of the American people to distressed humanity is traditional. During and following World War I relief was extended without discrimination and in continuing measure to the war-sufferers. Relief work was undertaken by Herbert Hoover following the invasion of Belgium in 1914, carried on in the Central and Eastern States of Europe after the Armistice, and concluded with the end of the famine in Soviet Russia in 1923. The American people responded again, warmly and generously, to the needs of friend and former foe alike, following the outbreak of World War II—and this aid continues.

This response has expressed itself through the organized efforts of religious, ethnic, fraternal, and civic groups, and the American Red Cross, as well as through the money remittances and parcels

Personal Aspect of Overseas Relief

It is gratifying that our church and lay agencies have effectively administered the free-will offerings of the American people for overseas relief. These private gifts of funds and goods since the invasion of Poland in 1939 have amounted in value to more than \$1,500,000,000. The intelligent giving and the planned distribution of these resources is an example of constructive philanthropy of continuing value.

In the above connection, cooperation with government has been useful. Yet the essential voluntary and personal aspect, "people-to-people," has been maintained. This relationship, while no substitute for governmental grants, has an indispensable quality that no government-to-government aid can duplicate. It has created sympathy and good will between our citizens and their fellowmen in allied and former enemy countries, and has fostered an understanding of common problems. This humanitarianism is a force of enduring strength that can bind together the peoples of the world.

—JOHN FOSTER DULLES

post of individuals to relatives and friends in "the old country." But however expressed, it has reflected the instinctive generosity and compassion of the American people.

The operations of organized relief and rehabilitation through the voluntary agencies, and the relations of those agencies with the Government and other public bodies, were of distinctive character and scope during the years of neutrality 1930-1941, of active war 1942-1945, and of post-

war 1946 to the end of the fiscal year 1953. In view of changing conditions as affected by current political and economic events the coming period also will doubtless be of a distinctive character.

The Period of American Neutrality: 1939-1941

As the war spread, following the invasion of Poland in 1939, leaving in its wake destroyed cities and destitute people, a flood of emotional appeals to aid the victims engulfed the American people. The urgency of these appeals aroused the sympathy of the public, particularly among the groups with ties of blood and sentiment with the combatants. There rapidly developed hundreds of hastily organized committees as country after country became involved in the conflict.

This situation introduced a new factor in the relations of the Federal Government to its citizens. Controls of a regulatory character were imposed for the first time over various forms of voluntary war relief. Section 8 (b) of the Neutrality Act of November 4, 1939, required such control. This act was designed to protect the neutral position of the United States by the prohibition of various forms of economic relations with countries proclaimed belligerent by the President. These countries were Belgium, France, Germany, Luxembourg, Norway, the Netherlands, Poland, and the United Kingdom. Private measures to relieve human suffering in such countries were permitted under the act—but only under regulation. In consequence all American voluntary relief agencies (except the Red Cross, which has its own congressional charter) were required to register with the Department of State if engaged in the solicitation and collection of funds and contributions in kind for relief in belligerent countries. But these requirements did not apply to relief to the neutral countries. Nevertheless, the public was confronted with hundreds of appeals by organizations not subject to the Neutrality Act. The resulting confusion of purpose, duplication of effort, and waste of manpower and material resources dictated the need for coordination and control.

This situation led Secretary Hull in a letter of March 3, 1941, to recommend to President Roosevelt that some authority be established to protect the public from exploitation and to assure that the funds and supplies were productively used to serve the purpose for which they were collected.¹

Mr. Hull pointed out that the suffering caused by the conflicts then raging in other parts of the world had called forth the humanitarian efforts of the American people; that about 300 organizations were registered with the Department of State in order that they might solicit and collect contributions; that many were raising funds without full knowledge of the relief resources already

at hand and the actual relief requirements; that while these efforts were inspired by the finest human instincts there was a growing danger that they might be frustrated if they were conducted without proper coordination.

Pursuant to Mr. Hull's conclusions, President Roosevelt appointed a special committee, consisting of former Ambassador Joseph E. Davies, Chairman, Charles P. Taft, and Frederick P. Keppel,² to examine the whole problem of foreign war relief in relation to local charities and national defense welfare needs and to recommend measures that should be taken in the public interest.

During this period of American neutrality the registered voluntary agencies received \$49 million in funds and goods to the value of \$12.9 million, a total of \$61.9 million, from the contributions of the public.³ It should be noted that 81 percent of the contributions came from a public interested in the welfare of particular racial groups, a reflection of the influence of blood ties and sentiment. Thus the distribution overseas was largely for the relief of British, French, Dutch, Norwegian, Greek, Polish, and Palestinian war-sufferers. The value of the voluntary exports of the 300 registered agencies during these 3 years of neutrality was \$50.5 million,³ about 3.5 percent of the total voluntary exports for the whole period 1939-1953.

The Period of American Participation in the War: 1942-1945

The exercise of greater police powers, and the establishment of a single authority with adequate regulatory and supervisory powers, was dictated as the country moved from a state of neutrality to a state of war. The findings of the Davies Committee, which included a study of the successful workings of the Canadian War Charities Act, were approved by President Roosevelt. Executive Order 9205 of July 25, 1942, was issued creating the President's War Relief Control Board,⁴ the predecessor body to the Advisory Committee on Voluntary Foreign Aid. It was composed of Joseph E. Davies, Chairman, Charles P. Taft, and Frederick P. Keppel. Upon Mr. Keppel's death in 1943 he was succeeded by Charles Warren.

The Board was empowered in furtherance of the war effort to license and regulate any solicitation for war-relief charities, whether domestic or foreign, by agencies other than the American Red Cross or established religious bodies; to control the timing, character, and manner of appeals to the public; and, in the interest of economy and efficiency, to consolidate organizations with common objectives.

² *Ibid.*, p. 281.

³ *Voluntary War Relief During World War II, A Report to the President by the President's War Relief Control Board*, Washington, D. C., March 1946, p. 49.

⁴ BULLETIN of Aug. 1, 1942, p. 658.

¹ BULLETIN of Mar. 15, 1941, p. 282.

Although the activities of the Board and its registrants were necessarily restricted by military requirements and the controls of a war economy, the patriotism inspired by the war made for unity and cooperation in organized voluntary effort. In this respect signal success was achieved by the organization of the National War Fund, the United Jewish Appeal, and the United National Clothing Collection.

The National War Fund, under the presidency of Winthrop Aldrich, was established early in 1943 on the Board's initiative, and with President Roosevelt's approval, to raise funds for domestic and foreign war-related agencies. State war funds were established in each State, with local campaigns in most communities combined with Community Chests. President Roosevelt, in giving his approval, said on January 11, 1943: "It will contribute greatly to our unity, enthusiasm, and powers in the war effort." The Fund was eminently successful in raising the greatest amount of money given to charity by any people in the world. In particular, the joint use of the established local fund-raising facilities of the Community Chests was a major factor in reducing both the cost and confusion of solicitation. The major Jewish charities, acting jointly as the United Jewish Appeal, were no less successful; they too achieved maximal economy in the raising of funds intended to meet the greatly expanded relief needs of Jewish war victims. Another example of joint effort was the campaign successfully carried out in 1945 and 1946 by the United National Clothing Collection. The greater part of the clothing collected was distributed abroad through the registered agencies.

With the encouragement of the Board, the principal voluntary relief agencies, representing both secular and religious interests, furthered coordination among themselves through the establishment in 1943 of a federation, the American Council of Voluntary Agencies for Foreign Service. The work of the Council (which is still active with a membership of 45 agencies) was carried out, not as an executive organization but largely through functional, country, regional, and *ad hoc* committees, to afford means to develop a consensus on matters of common concern to the member bodies. These committees, made up of member agencies of wide and varied experience, were of continuing service to the interested agencies of the Government. Their activities were supplemented abroad by councils of American agencies operating in France, Germany, Austria, Greece, Italy, India, Japan, and Korea, in collaboration with the respective governments and indigenous agencies of these countries.

Despite the greatly increased volume of relief, the President's Board during the period of its administration reduced progressively the number of registered agencies from an initial 223 in 1942 at the time of its establishment to 90 in 1945, gener-

ally by persuasion, sometimes by hearings, and occasionally by invoking the police powers delegated to it by the President's Executive order. The marked reduction in the number of appeals to the public reflected the value of the control recommended by Secretary Hull in 1941.

The stimulus of the participation of the United States in active war, 1942-1945, greatly accelerated the resources made available to the registered agencies in support of their overseas operations. They received \$251 million in funds and goods to the value of \$186 million, a total of \$437 million. The greater part of the resources, it is significant to note, were contributed by the public to the National War Fund, the United Jewish Appeal, and the United National Clothing Collection. The value of the voluntary exports of funds and goods of the agencies registered with the President's Board was \$413.7 million, about 29 percent of the total voluntary exports for the whole period 1939-1953.

Relief to British, French, Dutch, Norwegian, Greek, Czech, Yugoslav, Polish, Italian, Palestinian, Russian, and Chinese war-sufferers was greatly increased in value. China and the Soviet Union as wartime allies received a marked increase in voluntary relief as adjuncts to lend-lease.

Upon the conclusion of active warfare in Europe, the War Relief Control Board suggested to the President that the licensing of solicitations by voluntary relief organizations, originally adopted as a war measure, was no longer desirable as a function of the Federal Government. The Board's recommendation was made in recognition of the probability (later substantiated) that war relief, especially foreign aid, would continue in substantial volume for some time. It urged that some functions, such as the maintenance of a public record of the identity and activities of organizations engaged in foreign relief and the necessary liaison and facilitating services, should be continued for the time being by peacetime departments of the Government. The President accepted the Board's recommendation and on May 14, 1946, issued Executive Order 9723 terminating its existence.⁵

The Postwar Years: 1946-1953

The liberation of the war-bound countries after V-E and V-J Days opened up wider channels for a flow of food, clothing, medicines, and hospital equipment from voluntary sources. A flood of appeals for help followed, particularly from distressed persons in Austria, Germany, Greece, and Italy to their kinsfolk and friends in America. Help was also asked for refugees in Denmark, Sweden, Spain, and Portugal, as well as for refugees and nationals in the Allied countries. Aid to the Soviet Union, as an ally, which had been substantial during the active war, largely

⁵ 11 Fed. Reg. 5345.

ceased in 1946. It was continued to Bulgaria and Rumania until 1948, to Czechoslovakia and Poland until 1949, and to refugees in Hungary until 1952.

Concurrently with the termination of the activities of the President's War Relief Control Board, the President in a letter of May 14, 1946, said in part: ". . . during the present critical period it appears desirable that provision be made for coordinating relationships with voluntary relief agencies. . . . It is my suggestion that you . . . jointly appoint a new Committee on Voluntary Foreign Aid, to be made up of outstanding citizens, to tie together the governmental and private programs in the field of foreign relief. . . ."

In response to the President's request Charles P. Taft was appointed Chairman, and Chester Davis and William L. Batt members of the Advisory Committee on Voluntary Foreign Aid to serve without compensation. Subsequently the Committee was enlarged with the appointment of William I. Myers vice Chester Davis, Clarence Pickett, Lessing Rosenwald, Joseph P. Chamberlain (deceased), and Francis P. Matthews (deceased).

At that time, the Committee issued a circular letter of July 11, 1946, to agencies interested in voluntary foreign aid, stating that although Federal licensing of agencies was no longer required as a war measure other forms of Federal regulation would continue. These, for example, related to certain export licenses required by the Department of Commerce, to allocations by the Department of Agriculture of food and fats in short supply, and to restrictions of the Department of Justice respecting political or propaganda activities by foreign agents. The Committee stated that pursuant to the President's directive its purpose was "to guide the public, and agencies seeking support of the public, in the appropriate and productive use of voluntary contributions for foreign aid." It pointed out that understanding and good will had been fostered during the active war years among the war-stricken people by the use of voluntary relief resources to complement the public funds of the United States and other public authority; that close cooperation between the voluntary agencies and the Committee could further the productive expenditures of the resources contributed by the American people.

The Advisory Committee, in the light of these factors, invited the cooperation of all agencies which appealed to the public for funds and contributions in kind for voluntary aid, including projects of relief, rehabilitation, reconstruction, and welfare. Acceptance of this invitation was subject to the obligation to record with the Committee, for public inspection, a quarterly financial statement, a monthly report of foreign money transfers and commodity exports, a periodic budget and public audit, and current reports of operations at home and abroad. Sixty-one operating agencies, representative of church, civic, ethnic, labor, and farm groups, which had been

licensed by the President's Board, accepted these obligations. They undertook to record voluntarily with the Advisory Committee the information that they had been required to provide under license during wartime.

Subsequently, on November 22, 1949, the Advisory Committee on Voluntary Foreign Aid, which had been maintaining interdepartmental liaison with the Department of State and the Department of Agriculture, was established in the Office of the Assistant Secretary for Economic Affairs of the Department of State under the direction of an adviser, the adviser to serve also as ex officio Executive Director of the Advisory Committee.

A voluntary register was set up by authority of the Assistant Secretary of State for Economic Affairs "to foster the public interest in the field of voluntary foreign aid and the activities of non-governmental organizations which serve the public interest therein; to serve as a repository of information for public guidance; and to facilitate the programs and projects of the registrants through the good offices and facilities authorized by the laws, and regulations. . . ." ⁶

The President, when he enjoined the Advisory Committee upon its establishment "to tie together the governmental and private programs in the field of foreign relief," set up a benchmark that has been the point of reference in the relations of the Government and the voluntary agencies throughout the postwar years. This tying together has marked the most productive relief and rehabilitation operations of the registered voluntary agencies; for voluntary foreign aid is most productive when it complements public aid and that of the local agencies in the participating countries.

Public Law 84 of the 80th Congress recognized this complementary relationship. This law authorized, and Public Law 271 appropriated, \$332 million for the provision of food, medical supplies, clothing, feed, fertilizers, pesticides, and seed for general assistance to war-devastated areas, including Austria, Greece, Italy, Trieste, and China. Section 2 (f), "in order to effect the economical and expanded use of American voluntary relief contributions," authorized up to \$5 million to pay the cost of ocean transport of voluntary supplies determined to be "essential supplements to the supplies provided by the general relief assistance program." The supplies considered as essential supplements included food, clothing, and expendable medical and hospital supplies. Under authority of Executive Order 9864 of May 31, 1947,⁷ the regulations of the Department of State allowed reimbursement of the transportation costs to the voluntary agencies registered with the Advisory Committee on Voluntary Foreign Aid. Added authority in Public Law 271 permitted the inclusion of agencies operating in areas under

⁶ 17 Fed. Reg. 6082.

⁷ 12 Fed. Reg. 3559.

military government in Germany, Japan, Korea, and Okinawa.

A subcommittee of the House Committee on Foreign Affairs, following an inspection of the workings of the laws' voluntary relief provisions in Europe, reported:

... American voluntary relief is an essential counterpart to foreign relief and recovery programs conducted by this Government. . . .

The subcommittee was reminded repeatedly in the course of its inquiry of qualities in private relief such as are not found in public relief programs.

The organizations engaged in private relief represent the diversity as well as the unity of American life. They are based upon the interest in ethnic groups in their kinsmen abroad. They represent in part the interest of American religious groups in their co-religionists in other countries and in humanity in general. They draw support from the interest of American labor groups not only in assisting needy members of labor groups abroad but also in assisting such groups in supporting humanitarian projects in their own lands. . . .

Private relief ventures abroad have adapted their resources to the meeting of particular needs in local areas. In this they have demonstrated an elasticity that is not found in the over-all programs carried on under public authority. . . .

... It is apparent that voluntary foreign relief, given adequate public support, will continue to be of significant and increasing value as an adjunct to public relief programs.

... The subsidy [for ocean freight] has well justified itself, in the subcommittee's view, and the Congress should give favorable consideration to extending it in relation to future relief and recovery legislation.⁸

The voluntary relief provisions of Public Laws 84 and 271 of the 80th Congress established a precedent. Each Congress since then has recognized the complementary value of voluntary aid to public programs of assistance and has authorized material support to the voluntary agencies whenever such public programs were authorized. When the Marshall plan was under consideration, the favorable report of the House Subcommittee on Voluntary Foreign Aid made possible appropriate representations to Congress. Sec. 117 (c) of the Economic Cooperation Act of 1948, "in order to further the efficient use of United States voluntary contributions for relief in participating countries receiving assistance in the form of grants," provided for the reimbursement by the Administrator of ocean freight charges incurred by registered agencies. Under the Administrator's regulations, payment was authorized on voluntary shipments to Austria, Belgium, China, France, the United Kingdom, Greece, Italy, Luxembourg, the Netherlands, and the zones of Germany and Trieste occupied by the United States, the United Kingdom, and France.⁹

Moreover, the Secretary of State was authorized to negotiate agreements with the governments of the ECA grant countries for the provision of duty-free entry of relief supplies and the defrayment of the inland transport costs from counterpart funds.

Pursuant to this authority agreements were effected to include the United Kingdom, Norway, Luxembourg, the Netherlands, France, Germany, Austria, Greece, Italy, Trieste, Yugoslavia, Free China, and Korea.

The authority granted by the ECA Act was carried forward by section 535 of the Mutual Security Act of 1951, as amended, and was expanded to include not only the Marshall plan countries but countries eligible for economic and technical assistance, such as the Arab States, Israel, India, Pakistan, Korea, and the American Republics. This authority has permitted negotiations to be initiated for the acceptance of voluntary programs of relief and rehabilitation under the supervision of registered American agencies. Executive Order 10368 of June 30, 1952, pursuant to the Mutual Security Act of 1951 placed authority to pay ocean freight charges in the Department of State after June 30, 1952,¹⁰ and regulations were issued accordingly.¹¹

Parallel to these postwar acts of Congress providing funds and foods, and through the developing strength of the American Council of Voluntary Agencies for Foreign Service, has been the organization of the Council's member agencies into a number of federations. These have been organized to take the fullest advantage of the support and facilities of the Government and of the participating governments with which agreements have been effected. Furthermore, these federations have promoted concerted action in the field. Among them are the Cooperative for American Remittances Everywhere (CARE); Council of Relief Agencies Licensed for Operation in Germany (CRALOG); American Council of Voluntary Agencies in Greece; American Council of Voluntary Agencies for Italian Service; Coordinating Council of Voluntary Agencies in Beirut; Council of American Volunteer Agencies in Iran; Indo-American Agreement Relief Council; Licensed Agencies for Relief in Asia (LARA); the Korean Association of Voluntary Agencies (KAVA); Council of Voluntary Agencies Working in Germany; the Cooperative Council of Foreign Voluntary Agencies in France, and the Council of Foreign Voluntary Agencies in Poland. Some federations, such as CARE, CRALOG, LARA, and KAVA, develop and carry out integrated programs in the field although the member agencies are independently supported at home. Others, such as the several councils, are advisory and liaison bodies only and the membership may include agencies of a number of countries, particularly those of the Commonwealth—Australia, New Zealand, Canada, and the United Kingdom. The prototype of these councils was the Cairo Council of Voluntary Societies for Balkan Relief. It was established in 1943 with representation from

⁸ H. Rept. 1845, 80th Cong., 2d sess.

⁹ 13 Fed. Reg. 3783.

¹⁰ 17 Fed. Reg. 5929.

¹¹ *Ibid.*, 6081.

British and American societies and member societies of the International Red Cross.

Several temporarily organized collections of funds and gifts-in-kind were undertaken in 1947-1948: notably the American Overseas Aid-United Nations Appeal for Children, sponsored by some 40 voluntary agencies; the Friendship Train for France and Italy, supported by the American voluntary agencies operating in those countries; and the Friendship Train for Germany, sponsored by CRALOG and supported by donations of wheat, clothing, and other gifts-in-kind from farm communities of the Northwestern States. Through the facilities of the U.S. High Commission for Germany and the Army, paintings were loaned to the National Gallery of Art and exhibited in a number of cities. The proceeds of a silver collection were administered by CRALOG for the relief of German children. In 1951 and again in 1953 special periods were proclaimed by the President in support of voluntary collections for civilian war victims in Korea, in response to joint resolutions of Congress. Proclamation 2943 of August 31, 1951,¹² set aside the month of September for the collection of clothes through American Relief for Korea and associated agencies; Proclamation 3018 of June 6, 1953,¹³ set aside Aid for Korea Week, June 7-14, 1953, for the collection of funds in support of the American Korean Foundation.

The Christian Rural Overseas Program (CROP), the Heifer Project Committee, American Relief for Korea (ARK), and the American Korean Foundation, which operate at home, should be noted as additional active coordinating and supporting bodies. CROP has collected from farmers thousands of freight carloads of agricultural products which have been allocated to the operating agencies in the field. The Heifer Project Committee has shipped thousands of head of livestock to many countries, including bulls, milch cows, heifers, goats, swine, and chicks, as well as hatching eggs, to improve production. These organizations have proved to be singularly effective in supplementing as they do with gifts-in-kind the money donations of the urban areas. The American Korean Foundation was not organized for field operations until late in the spring of 1953. It plans to meet rehabilitation needs of the Korean war victims, particularly in the fields of health and education, largely through allotments in support of existing facilities and agencies, and in cooperation with the Government of Korea.

American Relief for Korea collects clothing primarily. As a measure in furtherance of the war effort in Korea, the costs to ARK of collection, processing, warehousing, and freight to seaports have been met by the United Defense Fund through allocations from the Community Chests. The Fund has been established somewhat after

the pattern of the National War Fund, to meet the expanding needs of the Armed Forces through USO and to assist communities affected by industrial expansion for military purposes. The Army carried the ARK clothing without charge from seaports to Korea for general distribution to civilian war victims through the facilities of the United Nations Command and the Government of Korea. The cooperation of the United Defense Fund and of the Army has made it possible for ARK to solicit successfully gifts of clothing, without appeal at the same time for funds to meet the heavy costs of collection, processing, shipping, and delivery.

It is significant that the most productive field operations have been in countries where the agencies without impairing their independence have formed alliances to meet common problems. In these countries they have maintained liaison with the diplomatic, military, and economic missions of our Government and with the participating governments and the indigenous social welfare agencies. CRALOG in Germany, LARA in Japan, and KAVA in Korea are notable examples. In Germany and Japan the initial relief work of these voluntary federations has been successfully terminated; in Germany this has permitted American relief resources to be directed to the aid of refugees; in Japan the way was paved for the introduction of a national school lunch program; in Korea the task ahead is a matter of years of concerted effort. The Subcommittee of the House Foreign Affairs Committee, in the previously quoted report on voluntary aid overseas, said that it "was encouraged by the record made by the American voluntary agencies in establishing teamwork rather than destructive competition in their efforts."

In the postwar period public relief programs have provided primary foods, such as the bread grains, to deficit areas through rationing or otherwise. This is a task that only governments could finance or undertake. Voluntary help through the provision of the protective foods—the dairy products and fats of high nutritional value—as well as medicines and clothing, reached selective and vulnerable groups such as children, mothers, invalids, and others who were in need of supplementary aid. These classes of the people in food-deficit areas, experience has shown, were best reached by voluntary agencies collaborating with their indigenous counterparts through schools, hospitals, orphanages, and other institutions. Importantly, save in the case of disaster the programs were of not less than 3 months' duration to permit the recording of physical improvement. When supplies in sufficient amounts were assured, such as the surplus dairy products made available by the Department of Agriculture, the programs were generally projected over the school year.

American voluntary agencies have been quick to mobilize their relief services and resources to meet emergencies arising in theaters of war, from civil disorder, natural disasters, epidemics, or

¹² 16 Fed. Reg. 8999.

¹³ 18 Fed. Reg. 3361.

famine. Notable examples are the immediate provision of nurses and serums when epidemics broke out following the civil disorders on the frontiers of India and Pakistan in 1947; voluntary feeding in Yugoslavia and India as specifically authorized to supplement the public programs of relief made available by the Yugoslav Emergency Relief Assistance Act of 1950 and the India Emergency Food Aid Act of 1951; the continuing program of relief to the homeless following the invasion of South Korea, including notable hospital and outpatient services; relief to the victims of the flood in the Po Valley in 1951; and recently, aid to the sufferers from the sea flood in Holland and the earthquake in Greece. This experience has led the Food and Agriculture Organization to consider the part of voluntary agencies in plans to combat famine and other natural disasters.

Apart from emergency relief programs the objective sought by the American voluntary agencies has been the acceptance of responsibility by indigenous agencies for long-term followup social services. Rehabilitation services to this end have been diverse but include such major projects as health—public health education and premedical training, operation of mobile units and clinics, subsidies to local doctors, and rehabilitation of substandard institutions through supplies and services; welfare—training programs, individual case work and supervisory service, child placement, and community projects; self-help—vocational training, rehabilitation of the disabled, and agricultural and industrial work projects; and aid to refugees—location and tracing services, legal aid, assistance in repatriation, and settlement and resettlement.

The development of the Government's Technical Assistance Program has revealed the potentials of the voluntary agencies in this field, particularly in agriculture, small industries, education, health, and social services. Contracts providing grants-in-aid have been made with a few of the agencies but the greater opportunity appears to be in the area of private endeavor.

In 1951 the Advisory Committee on Voluntary Foreign Aid completed and published *A Guide to Technical Assistance Services of United States Voluntary Agencies Abroad*.¹⁴ These service projects, which are mostly sponsored by churches and missionary societies, are generally active in the rural areas of Latin America, Africa, and the Near and the Far East, and number 2,500 in the fields of education, health, agriculture, social service, and industry. A number of agricultural demonstration centers, industrial schools, clinics, and hospitals are maintained by local and American support in cooperation.

The role of voluntary agencies in technical assistance has been the subject of an exhaustive study undertaken in 1951-1952 by a working team of the American Council of Voluntary Agencies

for Foreign Service, with the cooperation of representatives of private, governmental, and inter-governmental agencies.¹⁵ In its final summary the study recommended that a Committee on Technical Assistance Cooperation be established within the framework of the American Council of Voluntary Agencies for Foreign Service, as a continuing representative committee, with participation by inter-governmental agencies.

The guide and the study supplement in the private field the compilation of technical assistance projects published by the former Technical Cooperation Administration. There remains the need to compile the technical assistance activities of American business firms and corporations, private foundations, and educational institutions. Such complete information of the American non-governmental operating interests in the underdeveloped areas should serve as policy guidance for the appraisal of further endeavors, whether public or private.

In general the flow of voluntary aid to postwar Europe receded markedly after the Marshall plan got under way. The total value of the resources of \$1119.7 million during the 7 postwar years was twice as great as during the same number of years of neutrality and active war. Nevertheless the drop was steady, year after year, from \$230.5 million in 1946 to \$87.8 million in 1952. There was an upturn in the first half of 1953 due in part to renewed allocations of surplus dairy products from the Department of Agriculture.

The economic recovery, as it progressed, diminished the appeals of the nationals in Europe for help from their American kinsfolk and friends. In fact only about 10 percent of the voluntary contributions were for the direct support of racial groups. This shift in relative needs permitted the registered agencies to allocate a greater proportion of their resources to refugee relief, particularly in Austria, Germany, Greece, and Italy; to refugee Poles, Czechs, Yugoslavs, Balts, Chinese, and Russians, scattered from the British Isles through continental Europe, the Near East to the Far East, and Latin America; and to the support of general programs, including refugee relief in the Arab States, Israel, India, Pakistan, Japan, and substantially in Korea. In these Eastern countries, with few blood ties of its people in America, the programs of the agencies were largely made possible by church constituencies. In fact these constituencies, Protestant, Catholic, and Jewish, provided about two-thirds, or \$710 million, of the resources during the postwar years.

Statutory authority made possible in the postwar period, for the first time, the provision of material support by our Government to supplement its good offices and to complement its programs of assistance overseas. Aid was provided

¹⁵ *The Role of Voluntary Agencies in Technical Assistance*. May 1953. American Council of Voluntary Agencies for Foreign Service, Inc., New York, N.Y.

¹⁴ Department of State publication 4422.

to the registered agencies in the collective value of \$76.6 million or 6.8 percent of the contributions received from all sources during the postwar years, including: \$57.5 million as the concessional value of surplus dairy products made available by the Department of Agriculture; \$14.7 million reimbursement for ocean freight costs on voluntary shipments; \$2.7 million as grants for services to the United States Escapee Program; \$1.4 million for contractual services with the Technical Cooperation Administration; and \$.3 million in support of the Educational Exchange Service of the Department of State, including other miscellaneous Federal assistance.

Reimbursement from Federal funds for the costs of the ocean transport of supplies to the Marshall plan countries, and countries of the Near and Far East, where agreements have been negotiated, has been an essential form of aid to the registered voluntary agencies. Eighty percent of the reimbursements were on account of shipments to Austria, Germany, Greece, and Italy. The voluntary agencies paid from their own resources for all the expenses in the transport of both voluntary and government-donated supplies from the points of origin to United States seaports. The agencies also paid for both domestic and ocean freight charges to countries not included under the Marshall plan and to countries not eligible for economic and technical assistance as authorized by mutual security legislation.

The voluntary agencies also cooperated directly with public organizations in support of refugee programs and special projects. Indeed it was recognized that the help of these agencies was indispensable, largely because of the personal and family nature of this form of social service. A number of these agencies were accredited to the Displaced Persons Commission by the Advisory Committee on Voluntary Foreign Aid and participated in the operations of the Commission through sponsorship of eligibles and providing for their reception and final settlement in communities throughout the country.

Allocations of funds or reimbursement of expenditures in the amount of \$39,200,000 was provided by the International Refugee Organization, the Intergovernmental Committee for European Migration, the United Nations High Com-

missioner for Refugees, the United Nations Relief and Works Agency for Palestine Refugees, and the United Nations Korean Reconstruction Agency.

In addition to these sources of support there should be considered the services, facilities, and goods provided by the governments and indigenous agencies of the participating countries. Agreements with the United States by these governments included the waiver of customs duties and taxes and defrayment of port, warehouse, and transportation costs to distribution ports. Although the help provided cannot be accurately evaluated, it is reasonable to assume that it was no less in value than the help provided by the United States Government to the American voluntary agencies.

Government support, however, is not to be measured with the yardstick of subsidies; the greater value has been in the extension of good offices and the facilitating of agreements and cooperation with the participating governments.

Conclusion

The number of registered voluntary agencies, and the value of the funds and goods made available to them from governmental and nongovernmental sources, and their distribution overseas during the 14 years following the outbreak of World War II, September 1939 to July 1953, may be summarized in the four tables which follow.

The relation of the number of registered agencies to the time and value of contributions is revealing. The registrations and the termination of registrations were greatest during the time of confusion and emotion following the outbreak of war. In the active war years the registration of many agencies was terminated and but few new ones registered—a reflection of the control measures over solicitation through license, of organized cooperation in fund-raising (National War Fund), and of consolidation of agencies. The measures of cooperation and consolidation established in the war years were continued into the postwar years; thus the total registration of 624 agencies was reduced to 56 at the time of the transfer from the Department of State to the Foreign Operations Administration on July 1, 1953.

I. AGENCY REGISTRATION AND VALUE OF CONTRIBUTIONS ¹

Period	No. registered	No. terminated	No. active at end of period	(Millions of dollars)			Percent
				Funds	Goods	Total funds and goods	
Neutrality 1939-1941.....	545	322	223	\$49.0	\$12.9	\$61.9	3.8
War 1942-1945.....	46	208	61	251.0	186.0	437.0	27.0
Postwar 1946-1953 ²	33	38	56	745.0	374.7	1,119.7	69.2
TOTAL, 1939-1953 ²	624	568		1,045.0	573.6	1,618.6	100

¹ Exclusive of American Red Cross overseas resources of \$210.5 million and individual parcel post and money remittances.

² To June 30, 1953.

II. SOURCES OF CONTRIBUTIONS OF FUNDS AND GOODS

[Millions of dollars]

Period	Voluntary				Public			Totals
	Religious	Ethnic	General	Subtotal	U. S. Gov't	U. N.—Int	Subtotal	
Neutrality 1939-1941.....	9.6	50.4	1.9	\$61.9				\$61.9
War 1942-1945.....	116.7	179.5	140.8	437.0				437.0
Postwar 1946-1953 ¹	710.0	125.0	168.9	1,003.9	\$76.6	\$39.2	\$115.8	1,119.7
TOTAL, 1939-1953 ¹	836.3	354.9	311.6	1,502.8	76.6	39.2	115.8	1,618.6
Percent.....	51.7	21.9	19.2	92.8	4.7	2.5	7.2	100

¹ To June 30, 1953.

The strength of the ethnic groups during the period of neutrality and of war is an index of the demographic complex of the country. In the postwar years, when appeals were broadened worldwide, and often from needy people without blood-tie support, the strength of the religious groups was greatly increased, equal to 70 percent of all contributions in this period. This expansion reflects the realistic application of the philosophy of humanitarianism, the relief to all without discrimination.

Collectively the voluntary contributions equaled almost 93 percent of the total resources provided for relief and rehabilitation over the 14 years of agency operations. Yet these contributions did not wholly measure the support the voluntary agencies received. There were qualitative as well as quantitative values. There must be considered the voluntary committees, and the other services of thousands of public-spirited men and women, and the impressive help donated by the Advertising Council of America through the press, radio, and television.

The direct person-to-person, and the people-to-people, impact did much to further mutual understanding. In the words of the congressional report already referred to, the foreign recipient of American voluntary aid "knows that the assistance he receives is based upon the personal re-

sponse of some individual American to his needs." The participation of the American donor directly, as well as indirectly through his taxes, gave him a sense of personal responsibility, and furthered a constructive interest in world affairs.

This is as it should be. An imbalance of material support from official sources would have impaired and might have negated the value of the voluntary aid as an expression of the humanitarian interest of the American people. Government surplus dairy products were an invaluable complementary asset. They were used by the registered voluntary agencies, not as a fugitive resource of fleeting benevolence, but to maintain the continuity of programs of duration in food-deficit areas. On the constructive basis already established the voluntary agencies can continue to accept substantial amounts of surplus commodities, including fiber (cotton) as well as food with appropriate financial assistance.

The conclusion of the active war opened up the countries of Central and Southern Europe—Austria, Germany, Greece, and Italy—to a greatly increased flow of relief provided by relatives and friends and the religious groups. The economic improvement made possible by the Marshall plan in Germany, as well as in the countries of Northern and Western Europe permitted, however, an increasing diversion of resources to the countries of the Near, Middle, and Far East.

III. AREAS OF DISTRIBUTION

[Millions of dollars]

Period	EUROPE			Subtotal	Near and Middle East	Far East	Latin America	General	Totals	Percent
	North and West	Central and South	East							
Neutrality 1939-1941.....	\$27.9	\$5.0	\$4.0	\$36.9	\$1.6			\$12.0	\$50.5	3.5
War 1942-1945.....	40.5	28.9	71.1	140.5	34.9	\$34.8		203.5	413.7	28.9
Postwar 1946-1953 ¹	119.4	401.1	135.6	656.1	180.9	92.2	\$6.5	34.5	970.2	67.6
TOTAL, 1939-1953 ¹	187.8	435.0	210.7	833.5	217.4	127.0	6.5	250.0	1,434.4	100
Percent.....	13.1	30.3	14.6	58.0	15.1	8.8	.7	17.4	100	

¹ To June 30, 1953.

IV. SUMMARY OF CONTRIBUTIONS, EXPENDITURES AND DISTRIBUTION 1939-1953¹

(Millions of dollars)

Contributions	Funds	Goods	Total	Percent
Voluntary	\$986.7	\$516.1	\$1,502.8	92.8
U.S. Gov't	19.1	57.5	76.6	4.7
U.N.-Int.	39.2		39.2	2.5
TOTAL	1,045.0	573.6	1,618.6	100
Expenditures:				
Purchases	161.7	(161.7)		
Services	184.2			11.3
TOTAL	345.9			
Distribution	699.1	735.3	1,434.4	88.7

¹ To June 30, 1953.

Short of another world war, with its attendant emotional influences, it cannot be expected that the American people will contribute funds and goods as freely as they have in the past. Nevertheless there is still a job to be done by the voluntary agencies on a selective rather than a general basis. Collectively they are representative of the interests of the public and, through registration, they have established their responsibility through years of collaboration with the Government. A pattern of organization has been developed adequate for participation in services of relief, rehabilitation, technical assistance, and self-help. To this end cooperation has been established by the agencies, shared by their constituencies, our Government, and the governments of the participating countries and their local social services. Such integration of operations assures the productive use abroad of the contributions of the public at home. The task of the Advisory Committee on Voluntary Foreign Aid, of the American Council of Voluntary Agencies for Foreign Service, and of the registered agencies, has been to assure this integration.

The transfer of the Advisory Committee to the newly organized Foreign Operations Administration was in furtherance of the President's plan centralizing foreign assistance and related economic responsibilities.¹⁶ At the time of the transfer Secretary Dulles addressed a letter of July 1, 1953, to Charles P. Taft, Chairman of the Committee, expressing his thanks for the Committee's services during the 7 years of collaboration with the Department of State. This Committee of honorary advisers, he noted, was appointed by the Secretary of State in 1946 at the request of the President to correlate the programs of private and voluntary agencies in the field of foreign aid with those of the Government. No one could foresee, Mr. Dulles added, that the need for this form of service would continue for so many years following the end of the active war. It is in recognition of this fact, the Secretary concluded, that the re-

organization provides for the Committee to take its place with other agencies that have been brought together in the Foreign Operations Administration to further American humanitarian services overseas.

The following registrations, active as of June 30, 1953, in the Department of State, were transferred to the Foreign Operations Administration effective July 1, 1953:

Agency	Registered
Aid Refugee Chinese Intellectuals, Inc . . .	Apr. 17, 1952
American Baptist Relief	Jan. 19, 1948
American Committee for Resettlement of Polish Displaced Persons	Sept. 20, 1949
American Federation of International Institutes	Oct. 19, 1950
American Friends of Austrian Children . . .	Oct. 1, 1949
American Friends of Russian Freedom . . .	Dec. 19, 1952
American Friends Service Committee . . .	Nov. 9, 1939
American Fund for Czechoslovak Refugees.	July 1, 1948
American Hungarian Relief	Jan. 25, 1945
American Jewish Joint Distribution Committee	Sept. 29, 1939
American-Korean Foundation	Jan. 23, 1953
American Middle East Relief	Nov. 9, 1948
American National Committee to Aid Homeless Armenians	July 1, 1948
American ORT Federation	Sept. 15, 1944
American Relief for Korea	Sept. 2, 1951
American Relief for Poland	Sept. 15, 1939
American Relief for Austria	July 1, 1949
Assemblies of God—Foreign Service Committee	Oct. 16, 1951
Brethren Service Commission	Jan. 14, 1944
Church World Service	May 15, 1946
Committee on Christian Science Wartime Activities of the Mother Church	Apr. 25, 1940
Congregational Christian Service Committee	May 16, 1945
Cooperative for American Remittances to Everywhere, Inc. (CARE)	Feb. 2, 1947
Council of Relief Agencies Licensed for Operation in Germany (CRALOG)	Feb. 19, 1946
Foster Parents' Plan for War Children . . .	Sept. 21, 1939
Greek War Relief Association	Nov. 18, 1941
Hadassah	Nov. 15, 1939
Hebrew Sheltering and Immigrant Aid Society (HIAS)	Mar. 25, 1943
International Rescue Committee, Inc . . .	May 26, 1942
International Social Service—American Branch	Jan. 1, 1952
Iran Foundation, Inc.	Mar. 3, 1950
Little House of Saint-Pantaleon	Nov. 1, 1951
Lutheran World Relief	Nov. 15, 1945
Mennonite Central Committee	Feb. 13, 1940
National Cio Community Service Committee	Aug. 1, 1950
Near East Foundation	Nov. 28, 1940
Polish Immigration Committee	Feb. 14, 1952
Refuge des Petits	Nov. 27, 1939
Resettlement Service—National Lutheran Council	June 15, 1949
Russian Children's Welfare Society	Sept. 29, 1939
Salvation Army, National Headquarters . .	May 23, 1940
Save the Children Federation	Sept. 8, 1939
Selfhelp of Emigres from Central Europe .	Nov. 12, 1946
Serbian National Defense Council, Division of Displaced Persons	Nov. 9, 1950
The Federation of Russian Charitable Organizations of the United States	Sept. 19, 1950
Tolstoy Foundation	Oct. 17, 1939
Unitarian Service Committee	May 23, 1940
United Friends of Needy and Displaced People of Yugoslavia	Nov. 1, 1950

¹⁶ BULLETIN of June 15, 1953, p. 855.

Agency

Registered

United Lithuanian Relief Fund of America	Apr. 15, 1941
United Service for New Americans	Oct. 16, 1950
United States Book Exchange	June 1, 1950
United Ukrainian American Relief Committee	Sept. 21, 1945
War Relief Services—National Catholic Welfare Conference	Apr. 28, 1943
World University Service	May 4, 1943
Y. W. C. A. World Emergency Fund	Jan. 1, 1941

Affiliated agencies

Registered

American Foundation for Overseas Blind	Jan. 1, 1949
Universalist Service Committee	Jan. 13, 1950

• *Mr. Ringland, author of the above article, a retired foreign affairs officer, has served as Adviser, Voluntary Foreign Aid Staff, Office of the Assistant Secretary for Economic Affairs, and ex officio Executive Director of the Advisory Committee Voluntary Foreign Aid, Department of State; with the American Relief Administration under Herbert Hoover, as Chief of Mission in Czechoslovakia, and as the Administration's Adviser to the American High Commissioner, Turkey, and to the League of Nations, Geneva, in the evacuation of Russian refugees following World War I.*

U.S. Not To Sign Tin Agreement

Press release 115 dated March 5

The State Department on March 5 informed the other governments particularly interested in tin of the decision of the U.S. Government to hold off the market excess tin stocks it holds and expects to acquire and also announced the decision of the United States not to sign the International Tin Agreement drawn up at Geneva in December 1953.¹ It made clear that the United States did not object if other countries decided to bring the agreement into force. The United States is not a tin-producing country.

In announcing its decision not to sign the agreement, the United States made clear that it was aware of the importance attached to the agreement by other governments. Since the agreement can come into force and can be operated without U. S. participation, the State Department said it did not anticipate that the United States decision would prevent the agreement from becoming effective and made clear that the United States would not object if other governments decided that this was in their interest.

The Department explained that under the decision not to dispose of the excess tin stocks held or to be acquired by the U.S. Government these stocks would be held in insulation. Withdrawals could be made only at the direction of the President, as in the case of regular stockpile materials.

¹ For an article on the International Tin Agreement of 1953, see BULLETIN of Feb. 15, 1954, p. 239.

The countries which participated in the drafting of the International Tin Agreement, in addition to the United States, were Indonesia, Bolivia, Belgium, Thailand, Netherlands, India, Canada, Australia, Italy, Germany, Japan, France, and the United Kingdom.

Policy on Wool Imports

Statement by the President

White House press release dated March 4

On July 9, 1953, on the advice of the Secretary of Agriculture, I requested the United States Tariff Commission to make an investigation, under Section 22 of the Agricultural Adjustment Act, to determine the effect of imports of certain varieties of sheep's wool on the operation of the domestic price-support program for wool.¹

I now have the report² of the Tariff Commission, in which a majority of its members recommend the imposition of certain fees on imports of wool in addition to the prevailing duties.

At the same time as the Tariff Commission inquiry was initiated, I requested the Secretary of Agriculture to make a comprehensive study of the domestic factors which have contributed to the decline in sheep numbers and wool production in the United States, with a view toward the development of a sound and prosperous domestic wool industry consistent with an expanding international trade.³

On the basis of this study, which was carefully analyzed and discussed by the interested agencies of the executive branch, I determined that domestic wool growers required continued price or income assistance in a more effective form than is now provided. I accepted the principal recommendations of the Secretary of Agriculture, which provide for government assistance to growers under an incentive payment plan during periods when wool prices are below the desired support level.

These recommendations have been submitted to the Congress. Hearings have been held before the Senate Committee on Agriculture and Forestry and a bill embodying these recommendations has been approved by that Committee. The enactment of this program by the Congress would eliminate the necessity for an increase in import fees or other limitations on wool imports, a course of action which I do not believe would best serve either the wool-growing industry or the national

¹ BULLETIN of Aug. 10, 1953, p. 185.

² Copies of the report may be obtained from the United States Tariff Commission, Washington 25, D. C.

³ BULLETIN of Aug. 10, 1953, p. 186.

interest. I am confident that this new program will appreciably contribute to the achievement of a sound and prosperous domestic wool industry, an essential component of a healthy overall economy and a strong defense.

In view of the fact that the administration's new wool program is specifically designed to help remedy those conditions which prompted the Tariff Commission's investigation, I am taking no action on the Commission's Report.

Peaceful Change Through the United Nations

by David McK. Key

Assistant Secretary for United Nations Affairs¹

This afternoon I should like to share with you a few thoughts on the opportunities that the United Nations offers for bringing about peaceful change in the world today.

Change is the law of life—of international life as well as national. The task of the statesman is to try to create conditions in which changes will take place in a peaceful and orderly manner. If such international changes—political, economic, and social—cannot be made peacefully, the peace that may seem to exist may turn out to be only temporary and illusory.

In a dynamic society in which the atom can bring either unimagined benefits or awesome destruction, the process of peaceful change becomes more than simply desirable. It becomes an absolute necessity.

Let no one underestimate the difficulties of bringing about changes on the international scene in a peaceful manner. In our own domestic society we have achieved the necessary community of interest, the common concept of justice, and the accepted institutions which enable us after 165 years to make adjustments without resort to physical violence.

But what of relations among nations? Here opinions are considerably more diversified and complex, and the area of common agreement relatively restricted. Standards of justice differ. That is why adjustments of relations among nations are considerably slower and more difficult to achieve.

The history of the League of Nations is in part a history of the failure to reach agreement on the changes needed to insure peace. Some of the

major powers insisted on blindly maintaining the status quo. League procedures did not sufficiently facilitate accommodation to the forces of change. All this helped to develop a situation in various countries where advocates of violence supplanted the more moderate elements who sought unsuccessfully to achieve their objectives by peaceful means.

The procedures of the League could have been made to work if there had been a will and determination by all its members to make them work. In addition, after World War I, the American people, who even then possessed a preponderant power in the world, were not yet ready to assume responsibilities for world leadership. We did not join the League of Nations. We thought we could be an oasis of prosperity in a world of misery. We did not see the full implication for the rest of the world of revolutionary communism as directed from the Kremlin.

Awakened American Leadership

The American people have acted differently since World War II. There is greater recognition than ever before that peace is not a static condition of the world, but can be, and must be, a condition of dynamic adjustment to ever-changing circumstances.

We now comprehend as never before our responsibility in the world. We have taken leadership in creating the United Nations and we have since played an active part in that organization, as well as in its specialized agencies. We have joined in major collective security arrangements within the framework of the United Nations Charter.

¹Address made before the Conference on United States Responsibility for World Leadership in 1954 at Washington, D. C., on Mar. 1 (press release 100).

It is well that we have done this, for World War II left in almost every corner of the earth destruction, discontent, and the drive of new restive forces.

Entirely outside the framework of the cold war, tensions have arisen from the urge for national self-expression. People in many dependent or colonial areas want self-government or independence. They want an improved standard of living. They want increased respect for the dignity of the human person and protection of fundamental freedoms. Many want these things today, not in some indefinite tomorrow.

Moreover, Soviet aggressive policies have inflicted new wounds while leaving old wounds to fester. These developments growing out of the cold war and the drive for national self-expression place a great strain upon the United Nations and upon the United States and the other leaders of the free world.

Notwithstanding these difficulties, the United Nations has already demonstrated that it is a flexible political instrument with a capacity to adjust to changing situations, including the cold war, not adequately foreseen at San Francisco when the charter was framed. Its flexibility is indicated in the charter provisions taking account of the need for peaceful change and actively encouraging the orderly progress toward the goals set forth in the charter. A key provision, article 14, provides for General Assembly recommendations to adjust peacefully any situation, regardless of origin. This article was described by the late Senator Vandenberg as "the only way to escape freezing a status quo and denying any escape from errors made in decisions during the war and at the peace table—denying any escape except by the very armed revolt which we are sworn to resist."

The United States along with other free-world members has made a major effort to prevent the "freezing" of the status quo. A perusal of the broad agenda of a typical session of the General Assembly shows the desire on the part of the vast majority of the members to insure the effective use of the charter provisions on peaceful change. The growing importance of the General Assembly is, in fact, a reflection of the constant effort of the members to cope with the problems of peaceful adjustment.

The Korean Problem

The difficulties in the process of peaceful change find dramatic as well as painful illustration in the handling of the Korean question since World War II.

The Cairo Declaration of 1943 called for a free and independent Korea. After 40 years of Japanese rule, the establishment of Korea as an independent state represented a formidable task, even under the most favorable circumstances. But the difficulties were increased immeasurably by the

Soviet refusal to withdraw their control over North Korea.

The Soviet Union blocked the peaceful unification of Korea throughout the protracted and frustrating bilateral negotiations with the United States. The United States then brought the problem to the United Nations in the hope that progress could be made in fulfilling the promises of the Cairo Declaration. We took this step even though the United Nations had not been expected by its founders to be burdened with the problems resulting from World War II.

The General Assembly rose to the occasion. It developed a plan to achieve unification on a fair basis. Unfortunately, the Soviet Union approached this plan with the same ruthlessness as it used to subvert the government of Czechoslovakia in 1948. It continued its iron control over the North Korean puppet government. The Republic of Korea, on the other hand, was established as a free and independent government under free elections observed by the United Nations. Soviet obstructionism culminated in the Communist aggression of 1950, a clear rejection of the principles of peaceful change.

In throwing back the Communist aggression, the United Nations has once more reestablished conditions whereby peaceful change can be attempted. A political conference on Korea is shortly to be convened in Geneva. This will give us a new opportunity to complete the job we started at Cairo of reestablishing the independence of all of Korea. In setting up this conference, the Western Foreign Ministers at Berlin were guided by the terms of the General Assembly resolutions in August 1953.² It is the type of Korean political conference which we have been trying to set up under article 60 of the Armistice Agreement. At the conference, the United States and other United Nations members with troops in Korea will be represented. The conference includes the Soviet Union as a participant fully bound by the conference decisions. The Chinese Communists and the North Korean Communists will of necessity participate since no settlement is possible without their agreement. But they will be there as aggressors. They are not included among the sponsoring powers, and it is specifically agreed that no question of recognition is involved. Secretary-General Hammarskjöld has aptly hailed the agreement reached at Berlin as "a great step forward for the aims of the U.N." and "as a conference inside the U.N. orbit."

We have thus made a new start toward negotiating a peaceful settlement for Korea. The Communists, faced with a strong free world position, have once more accepted a position they flatly rejected for months. But there is still much distance to travel before we reach the goal of peaceful unification of Korea.

² BULLETIN of Sept. 14, 1953, p. 366.

The Uniting for Peace Resolution

Korea—the acid test—proved that had there not been provision for collective action against aggression, the charter concept of peaceful change would have been meaningless. Therefore, following the Korean aggression, the Uniting for Peace Resolution³ developed new procedures to deal in the future with threats to the peace where Security Council action was impossible because of the veto. These procedures enable the United Nations to prepare in advance for dealing with active and potential breaches of the peace, and to deal with them flexibly. Possibly a more important consequence of the Uniting for Peace Resolution is that it acts as a psychological deterrent to the potential aggressor, influencing it to accept procedures for peaceful change.

The United Nations as an instrument of peaceful change also encourages orderly progress toward self-government or independence, and strives to develop higher living standards, and to broaden human rights.

The United Nations Charter provides the means to channel into a constructive pattern the drive for national independence whose pent-up emotions were released so violently in the immediate postwar period. In the past 8 years, over 600 million people have achieved independence, many under the direct auspices of the United Nations. In Indonesia and Israel, the United Nations cut short the violent phase of the struggles for independence and shepherded these countries to full recognition as United Nations members. In other areas, the moral force of the charter has acted as a spur to hasten the grant of independence. Many other areas are continuing to progress toward a fuller measure of self-government under the aegis of the United Nations.

United Nations activity in the field of dependent peoples quite naturally often raises the question of whether the availability of the United Nations as a forum does not actually encourage more extreme demands for immediate self-rule. This may sometimes be the case. More often, however—and this is our goal in all cases—the United Nations acts as a constructive influence upon nationalistic forces which might otherwise erupt in a violent manner.

Irresponsible acts by terrorists, such as regrettably occurred only a few hours ago when several Congressmen were wounded on the floor of the House of Representatives, are as inexcusable as they are deplorable. I know that you all join with me in expressing our sense of shock at this act and our feelings of deepest sympathy for the victims of this tragedy.

I come now to one of the most important factors in promoting peaceful change—the United Nations effort to improve conditions of living in areas needing help. This is a challenge to all of

us. Failure to make progress here breeds discontent and instability and even on occasion violence.

On many fronts and in many countries United Nations agencies are actively at work to help the peoples of those countries to improve their own living conditions. The technical-assistance projects of the United Nations are playing a key role: to increase the productivity of the land, to bring new standards of health and physical well-being, to break down the walls of ignorance and superstition, to begin little by little the promotion of industry and trade. Already we can see some marked and lasting gains. But chiefly we must regard these as first steps in a long-range investment which the future will make increasingly productive.

The successful efforts of the specialized agencies hint at what economic gains can be expected from United Nations programs. The World Bank has lent almost 2 billion dollars to 32 countries and territories since it began operations. A typical project is a new power plant, financed by the Bank, which is being opened in San Salvador. This power plant will double the country's electric-power supply, feed power to new industries, make possible the pumping of water for farm irrigation, and bring lighting to homes and schools which have never known an electric bulb.

Or, take the recent World Bank loan of 7½ million dollars to India to help in the reclamation of well over a million acres devastated by a crop strangling weed. When this project is completed, the reclaimed area will produce an estimated one-half million additional tons of wheat each year which would cost the equivalent of 35 million dollars annually to import.

There are other significant results from the work of the specialized agencies. For instance, an FAO program costing \$40,000 to stimulate use of hybrid seed added 24 million dollars to the value of the European corn crop in 1952. By bringing malaria under control in Asia, WHO has opened up previously uninhabitable areas to immigration and production.

These programs are sometimes criticized as being too limited and there is constant pressure for more ambitious programs. President Eisenhower, as you know, is keenly aware of the need for economic advances. In his April 16 speech, he set forth a pledge to devote to economic development a part of the funds which might be saved through disarmament.⁴ Last December, the President, realizing the potential benefits to be derived from the peaceful use of atomic energy, made his now world-acclaimed proposal to the General Assembly.⁵

When we speak of peaceful change, we also include the gradual and progressive realization of the human rights goals of the United Nations.

³ *Ibid.*, Apr. 27, 1953, p. 599.

⁵ *Ibid.*, Dec. 21, 1953, p. 847.

These goals have a high place in the charter and were articulated in greater detail in the Universal Declaration of Human Rights. This declaration is, in the words of President Eisenhower, "a significant beacon in the steady march toward achieving human rights and fundamental freedoms for all."⁶ Since the establishment of these goals, much time and effort has been expended on the drafting of covenants on human rights. However, we now believe that the goals of the charter are more likely to be advanced by a human rights action program which strives to put into practice the principles of the Universal Declaration. We have proposed such a program and it will soon be considered by the Human Rights Commission now meeting in New York.

Charter Review

I have spoken of the creditable record of the United Nations as an instrument of peaceful change. It still has untapped potentialities for the future. It is in this perspective that we must look at the forthcoming review of the charter. We want to explore, with your help, whether or not changes can be made in the charter which will further advance its purposes and principles. At the same time, the history of the last 8 years demonstrates that many changes can be achieved by new procedures which are already within the scope of the present charter.

As the preparations for charter review get under way, it is pertinent to take account of the fears some hold that the Charter Review Conference may undermine or even destroy the United Nations.

The process of charter review should not be feared. As Secretary Dulles recently told the Senate Subcommittee on Charter Review:⁷

"The Executive approaches this conference with an awareness of the desirability of perfecting the Charter, but also with a determination not to lose the good that is in the search for something better."

Charter review offers us singular opportunities to build for the future. A sober and thoughtful reexamination can stimulate us to find ways of doing better those things that need doing. This afternoon, I have touched upon how the United Nations has attempted to fulfill the late Senator Vandenberg's desire to make the United Nations an instrument for peaceful change. Perhaps these reflections upon the record of the past 8 years will stimulate consideration of the means for better carrying out the process of future peaceful change, so essential to this atomic era.

The road ahead is not an easy one. But I think our consideration of the future of the United Na-

tions can be fruitful if we recall the words of Secretary Dulles:

"I believe that it lies within our power to advance the great objective of the United Nations provided we are patient, resourceful, and resolute, and inspired by faith that man has the capacity to overcome evil with good."

Korean Political Conference

Press release 103 dated March 2

Following is the text of a letter from Ambassador Arthur H. Dean to Secretary Dulles, together with Acting Secretary Smith's reply:

Letter from Ambassador Dean

FEBRUARY 26, 1954

MY DEAR MR. SECRETARY: Since the end of July last I have had the privilege of working with the President and with you on various matters in relation to the Korean Armistice, have made two trips to Korea as well as numerous trips to Washington and spent eight weeks at Panmunjom on preliminary talks.¹

While in Korea I had many talks with President Rhee and his cabinet and with General Thimayya and other members of the NSRC in connection with effecting the release of nonrepatriated prisoners.

Ever since my return from Korea I have been prepared, on a moment's notice, to return to Panmunjom to resume the preliminary talks and consequently have been unable to make any definitive professional engagements. As I said to you last August, when you were kind enough to ask me to be your Deputy at the forthcoming Political Conference on Korea, then scheduled to start on October 28, 1953, I had committed myself to court engagements which would not permit me to continue actively on the conference work beyond March, or at the outside, April 1954. It was then believed that the Political Conference would be over by this time.

I shall, of course, be glad to continue to study various bases for effective and lasting peace in Asia and to aid the free peoples there to make an effective fight against Communism and to be available for consultation from time to time on matters relating to the forthcoming conference as you and the Department may wish, but I regret, for the reasons set forth above, that it will not be possible for me to be abroad for several months at the time of the Geneva Conference, which will not begin until the end of April.

¹ For an address by Ambassador Dean reviewing the attempted negotiations at Panmunjom, see BULLETIN of Jan. 4, 1954, p. 15.

⁶ *Ibid.*, Apr. 20, 1953, p. 580.

⁷ *Ibid.*, Feb. 1, 1954, p. 170.

With many thanks for this opportunity to be of public service and with renewed expressions of my high esteem, I am

Sincerely yours,

ARTHUR H. DEAN

The Honorable
JOHN FOSTER DULLES,
Secretary of State.

Letter from Mr. Smith

MARCH 1, 1954.

DEAR MR. DEAN: Regarding your letter of February 26, 1954, addressed to Secretary Dulles, all of us are greatly disappointed that the Korean Political Conference has been so long postponed that it has made it impossible for you to serve as the President and the Secretary had originally planned. It will, however, be very useful and highly appreciated if, as you indicate, you will continue to be available on a consultant basis to help us here in Washington in connection with the Korean Political Conference, which is presently expected to convene on April 26 at Geneva.

The work which you did as personal Ambassa-

dor for the President in the preliminary work at Panmunjom constitutes a splendid chapter in American diplomatic annals. You dealt with the Communists there in a way which was vigorous and jealous of the dignity and honor of the United States.

Your contacts with President Syngman Rhee of the Republic of Korea, the Neutral Commission, and with General Thimayya, have materially contributed in the general opinion to the prompt release of the prisoners of war on January 22.

You have gained, I am sure, the confidence of the nations which fought on the United Nations side, as represented by the group of seventeen who have met here and in New York, and with whom you have been frequently associated.

I am writing this letter in the absence of Secretary Dulles, who, as you know, is in Caracas.

Sincerely,

WALTER BEDELL SMITH
Acting Secretary

The Honorable
ARTHUR H. DEAN,
*Department of State,
Washington.*

Faith in the Future of China

*by Walter S. Robertson
Assistant Secretary for Far Eastern Affairs¹*

We have come here today to take part in a notable occasion. Two destroyers of the United States Reserve Fleet are to be turned over on loan to the Republic of China under an authorization by the United States Congress. Such an event is not of everyday occurrence among the powers of this world. In participating in the ceremonies formalizing the transfer, I am representing the Secretary of State of the United States. There stands before me, to receive the vessels on behalf of his Government, the Ambassador Extraordinary and Plenipotentiary of the Republic of China. There is every reason for solemnity.

However, in looking forward to these observances, I have had in the forefront of my mind the image of the Chief of State of the Republic of China—a picture of him not only as the austere, uniformed leader depicted in the lithographs that have had a place of honor on the walls of so many Chinese homes and shops, but as the warm and

very real human figure with whom I have spent so many memorable hours in the past. Then too, the Chinese Ambassador who is here with me, Wellington Koo, is an old friend. It is impossible for me to act as if I were addressing strangers. What is taking place here is, as it were, within the family. You will look to me in vain, therefore, for those high-pitched, majestic cries that might be expected to resound when an eagle and a dragon hold converse. What I have to say is nothing more than you would expect to hear between old friends—friends who, as a matter of fact, need to say very little to each other because so much is understood between them.

The spirit of this occasion is a familiar one to us. The Chinese and Americans are used to giving each other things. It began many years ago. One of our writers in New England, speaking of those days, has told us of the satisfaction with which he reflected that ice had been taken from his little pond, by clipper ship, to cool the drink of a Chinese philosopher. Philosophy and the artistic masterpieces of a great culture have been among

¹Address made on the occasion of the transfer of two U.S. destroyers to the Republic of China, at Charleston, S. C., on Feb. 26 (press release 95 dated Feb. 25).

the many treasures brought back from China by traders to enrich our lives, in exchange for American machinery and manufactured goods and Western ideas. Our two peoples have also become accustomed to the sort of exchange that is taking place today. It has become habitual for us each to lend the other those facilities which each can spare and which the other needs for the common defense. You have given us landing fields, buildings, roads, and hospitality. We have given you guns, planes, and vessels of war.

Mutual Interest in Pacific Security

The historic association between China and the United States reflects an appreciation by both countries of their community of interests. I should not be a proper official of the Department of State if I did not direct attention to that fact. And the community of interests between us is impelling. Danger has generally come to China from the landward side, from the north and west. Danger has generally come to the United States from the Atlantic side, from the east. China and the United States have thus both had the keenest interest in preserving the security and peace of the Pacific so that each could concentrate on defending itself where it was most exposed. Each country has had an instinctive realization of the importance to it of the other, and of their common need to be able to stand back to back, as it were, for each to have the comfort of knowing that it was secure on one side at least.

Both countries have been alert to the threat that would be posed by the intrusion between them of any kind of aggressive imperialism. Even if the Chinese and American peoples had no regard for each other, as peoples, they would still inevitably be drawn together by their common vital interest in the security of the Pacific. Whenever there are signs in either country of lack of appreciation of this interdependence, the danger signals are up. Neither country can afford to relax if the independence and integrity of the other is not secure. Today mainland China is oriented toward China's greatest enemy and away from its traditional source of support. Those who are responsible for this unnatural and tragic situation have demonstrated in this, as in so many other ways, their disregard of China's interests. It is not remarkable that having determined upon the subordination of China's welfare and independence to a foreign ideology, they should at the same time have chosen in their propaganda to portray the United States as the most implacable enemy of their designs.

I wish I could say that our support of China's independence had always been as concrete and as forward as circumstances required. For long

years, China sustained alone the trials of the Japanese invasion. Our refusal to accept Japanese control of China was a major motivating factor in the Japanese attack on Pearl Harbor, but it required the shock of that attack to arouse the American people to determined and effective counteraction. Before then, the free world, while sympathizing with China, had been restrained from effective intervention in the war by lack of unity and purpose.

The costs of the war with Japan not only caused grievous setbacks to the hopes and accomplishments to which the revolutionary movement under Chiang Kai-shek in the 1920's had given rise. The war also left China shaken and weakened and ill-prepared to cope with the blow in the back that followed hard upon the end of that war. Once more catastrophe engulfed China while, despite the deep concern of the American people, the United States failed to appreciate the full significance of events until it was itself involved militarily in the consequences—this time, by an attack on the Republic of Korea ordered by the mentor of the regime that had gained control of mainland China.

The events of the 1930's and 1940's are past. What is important now is that we apply in the present and future the lessons the past has taught us.

I have been speaking so far of the strategical considerations that draw our two countries together. But the truth is that when we think of the Chinese we think only secondarily of strategy. We think first of friendship. It has been our good fortune that the people with whom we have always recognized we must cooperate from necessity should have been a people with whom we would have wished to cooperate from choice.

U. S. Admiration for Chinese

It is striking that the oldest and the youngest of the great powers should have found so much in common. It would be easy for me to explain our admiration for the Chinese in terms of the staggering achievements of 4,000 years of Chinese culture. This would, however, claim a rather more intensive knowledge of Chinese history than most of us Americans possess. The fact of the matter is that we like the Chinese because of what they are as human beings. We like their quick friendliness of response, their warm hospitality, their meticulous courtesy, their conviviality and sense of humor. We like them because they are loyal to their friends and devoted to their families, because they are pragmatic and realistic, because they live in the present and believe in improving it by dint of hard work—qualities that perhaps we share. And we admire them without reservation for those qualities that we have not—I am

glad to say—so far been called upon to demonstrate under odds as heavy as those the Chinese themselves have had to face: courage, hardihood, endurance.

Our two peoples, I believe, want the same kind of world—a world in which there will be a minimum of strutting authority, a world in which ordinary human beings will be left alone to earn their livelihood, to cultivate their gardens, to enjoy their homes and their children and not be bullied or robbed in the name of any high-sounding rhetoric.

American Hopes for China

It is for all these reasons that no wish is closer to the heart of the American people than that China shall be herself again. It is in witness of that hope that two American destroyers today are being transferred to the Chinese flag. These vessels are symbols of our abiding faith in China and of our conviction that China will again, as always in the past, prove stronger than the alien intruder. We believe these ships will contribute to bringing nearer the day when China will again belong unreservedly to the Chinese. In passing to the command of the Republic of China, they go to strengthen a government that is at once a symbol and a fruit of the inextinguishable Chinese spirit.

Recently, 14,000 Chinese prisoners of war in Korea, by choosing to forsake the ties of family and community in order to live under a truly Chinese flag, exposed the fraudulence of the claims of the authorities in Peiping to speak with the voice of China. The passionate determination of so many soldiers from their command not to return to Communist rule clearly came as a great shock to those authorities. It did not surprise us in the least. There has never been any question in our minds as to how the Chinese people would choose if given the choice between a government rooted in Chinese traditions and one that has made of China a handmaiden of an alien imperialism. It is because of what we know of the Chinese people's ability to endure the most malignant fortune without being crushed by it or surrendering to it that we have no doubt of the outcome of China's present travail.

Mr. Ambassador, the missions that lie ahead for the *Hanyang* and the *Loyang*, as these ships are to be called, and their officers and men, are important ones: to strengthen the defense of the Pacific, upon which our nations jointly front, cooperating with our own Seventh Fleet, and to represent and defend the cause of China's freedom. These are tasks worthy of the names of the ancient and historic cities these ships will bear. They are tasks worthy of the great naval tradition in which these ships were first manned.

We are confident that China has chosen well in selecting you, the officers and men of the *Han-*

yang and *Loyang*, to take these ships to their duty stations and to man them in the carrying out of their responsibilities. We feel sure that you take with you more than the technical skills you have acquired in your brief months of training at Norfolk. We believe you will take with you firsthand knowledge of the esteem, good will, and lasting friendship that our people feel for yours.

We wish you Godspeed and success in all your undertakings.

Military Aid for Pakistan

White House press release dated February 25

Following are (1) the text of a letter from President Eisenhower delivered to Prime Minister Pandit Jawaharlal Nehru of India by Ambassador George V. Allen on February 24 and (2) a related statement by the President:

LETTER TO PRIME MINISTER NEHRU

DEAR MR. PRIME MINISTER: I send you this personal message because I want you to know about my decision to extend military aid to Pakistan before it is public knowledge and also because I want you to know directly from me that this step does not in any way affect the friendship we feel for India. Quite the contrary. We will continually strive to strengthen the warm and enduring friendship between our two countries.

Our two Governments have agreed that our desires for peace are in accord. It has also been understood that if our interpretation of existing circumstances and our belief in how to achieve our goals differ, it is the right and duty of sovereign nations to make their own decisions. Having studied long and carefully the problem of opposing possible aggression in the Middle East, I believe that consultation between Pakistan and Turkey about security problems will serve the interests not only of Pakistan and Turkey but also of the whole free world.¹ Improvement in Pakistan's defensive capability will also serve these interests and it is for this reason that our aid will be given. This Government's views on this subject are elaborated in a public statement I will release, a copy of which Ambassador Allen will give you.

What we are proposing to do, and what Pakistan is agreeing to, is not directed in any way against

¹For an earlier statement regarding the consultation between Pakistan and Turkey, see BULLETIN of Mar. 1, 1954, p. 327.

India. And I am confirming publicly that if our aid to any country, including Pakistan, is misused and directed against another in aggression I will undertake immediately, in accordance with my constitutional authority, appropriate action both within and without the UN to thwart such aggression. I believe that the Pakistan-Turkey collaboration agreement which is being discussed is sound evidence of the defensive purposes which both countries have in mind.

I know that you and your Government are keenly aware of the need for economic progress as a prime requisite for stability and strength. This Government has extended assistance to India in recognition of this fact, and I am recommending to Congress a continuation of economic and technical aid for this reason. We also believe it in the interest of the free world that India have a strong military defense capability and have admired the effective way your Government has administered your military establishment. If your Government should conclude that circumstances require military aid of a type contemplated by our mutual security legislation, please be assured that your request would receive my most sympathetic consideration.

I regret that there has been such widespread and unfounded speculation on this subject. Now that the facts are known, I hope that the real import of our decision will be understood.

With best wishes,

Sincerely,

DWIGHT D. EISENHOWER

STATEMENT BY THE PRESIDENT

On February 19th, Turkey and Pakistan announced their intention to study methods of achieving closer collaboration on various matters including means designed towards strengthening peace and security. This Government welcomed this move and called it a constructive step towards better ensuring the security of the whole area of the Middle East. The Government of Pakistan has now asked the United States to grant military assistance.

I have said repeatedly that regional groupings to ensure security against aggression constitute the most effective means to assure survival and progress. No nation can stand alone today. My report to the Congress on June 30, 1953 stated that we should strengthen efforts towards regional political, military and economic integration. I, therefore, under the authority granted by the Congress, am glad to comply with Pakistan's request, subject to the negotiation of the required MDAP agreement.

This Government has been gravely concerned over the weakness of defensive capabilities in the Middle East. It was for the purpose of helping

to increase the defense potential in this area that Congress in its last session appropriated funds to be used to assist those nations in the area which desired such assistance, which would pledge their willingness to promote international peace and security within the framework of the United Nations, and which would take effective collective measures to prevent and remove threats to peace.

Let me make it clear that we shall be guided by the stated purposes and requirements of the mutual security legislation. Those include specifically the provision that equipment, materials or services provided will be used solely to maintain the recipient country's internal security and for its legitimate self defense, or to permit it to participate in the defense of the area of which it is a part. Any recipient country also must undertake that it will not engage in any act of aggression against any other nation. These undertakings afford adequate assurance to all nations, regardless of their political orientation and whatever their international policies may be, that the arms the United States provides for the defense of the free world will in no way threaten their own security. I can say that if our aid to any country, including Pakistan, is misused and directed against another in aggression I will undertake immediately, in accordance with my constitutional authority, appropriate action both within and without the UN to thwart such aggression. I would also consult with the Congress on further steps.

The United States earnestly desires that there be increased stability and strength in the Middle East, as it has desired this same thing in other parts of the free world. It believes that the aspirations of the peoples in this area for maintaining and developing their way of life and for realizing the social advances close to their hearts will be best served by strength to deter aggression and to reduce the fear of aggression. The United States is prepared to help in this endeavor, if its help is wanted.

Appointment to International Claims Commission

The White House on March 4 announced the appointment of Henry J. Clay as Acting Member and Acting Chairman of the International Claims Commission.

Correction

BULLETIN of February 22, 1954, page 269, second column: The last line of paragraph numbered 7 should read "collective security in Europe."

The Significance of the Berlin Conference

by Walter P. McConaughy
Director of the Office of Chinese Affairs¹

After 3½ weeks of arduous activity at Berlin it is good to be able to talk in the relaxed and sympathetic atmosphere of this forum about what happened at Berlin and what it signifies for us.

The topics discussed at Berlin ranged far and wide. One verse of a ditty current at the Conference which was attributed to an "obscure member of the British delegation" went this way, to the tune of "Lili Marlene":

Please, Mr. Ministers, can't we leave the rest?
We've polished off Albania and now we're on Trieste;
We have discussed the munitions race and next on
Molly's list is space;
We have exhausted Item One
And the Commies, they've just begun,
Oh please, can't we go home?
Oh please, can't we go home?

I hope we can narrow the field somewhat here tonight and dwell on a few considerations which seem to me most significant.

It is an added evidence of the topsy-turvy behavior of the Soviet Union that the Far East loomed large in a conference which was called to deal with the purely European questions of Germany and Austria. Far Eastern issues were raised by Mr. Molotov in his opening speech on the first day of the Conference, January 25, and they came up intermittently throughout the Conference up to its closing hour on February 18. Perhaps I will be excused if in these remarks I give a somewhat disproportionate emphasis to the Far Eastern phase, because of my special concern with that part of the world.

First I should like to give you a vignette of the scene in the conference room where the plenary sessions were held. The layout was similar in both meeting places—the Allied Control Authority Building in the Western Sector, and the Soviet Embassy on Unter Den Linden in the Eastern Sector. Four long tables were arranged in a

square, with one side allotted to each delegation. The five ranking members of each delegation were seated at the table. Behind each delegation were seated its advisers in two, three, or four rows. When a moot point came up which required checking, there was often a great scurrying about in the

EDITOR'S NOTE. The Department last week released a volume entitled *Foreign Ministers Meeting, Berlin Discussions, January 25-February 18, 1954*, which contains texts of major statements made at the Berlin conference, texts of all proposals discussed, Secretary Dulles' Report to the Nation on the Conference, and other related material. Copies may be obtained from the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C.; price, 70c.

back rows of the advisers. Each Foreign Minister sat at the center of his table flanked by two principal assistants on each side. Proceeding clockwise around the room from the U.S. delegation there were the French, the British (opposite the Americans) and the Soviets (opposite the French).

Each Minister spoke in his own language. Each set speech was then translated consecutively into the other two languages. This necessarily retarded the pace of the proceedings. Extemporaneous remarks were translated simultaneously into the other languages by expert interpreters sitting in soundproof booths, whose microphones were connected with earphones available to the delegation members. The Soviets had the largest delegation, and they needed it.

Mr. Molotov realized from the outset that he had a difficult role to play and that he would be hard put to it to disguise his rejection of the unification of a free Germany and the Austrian State Treaty. He decided this could best be done by adopting an air of "sweet reasonableness." He injected into his voice a slight inflection of gentle remonstrance. His air was one of mild expostulation, of restrained impatience that the "modera-

¹ Address made on Mar. 3 before the International Affairs Committee, Women's National Republican Club, New York, N. Y. Mr. McConaughy was a member of the U. S. delegation to the recent Four Power Conference at Berlin.

tion" and "reason" of his proposals should not be readily perceived by the three Western Foreign Ministers. This general approach was rather ably carried over into the English translation by his interpreter Mr. Troyanovsky, the son of a former Soviet Ambassador to this country, who speaks colloquial American English.

Mr. Molotov showed great resourcefulness in his endeavor to mask his rejection of the eminently fair Western proposal for German "unification in freedom,"² as something other than what this rejection really amounted to—an edict that Germany must either remain divided, occupied, and with a Communist puppet regime ruling East Germany, or else accept a defenseless posture and rigged elections which would inevitably bring all Germany eventually under Communist domination. But mere ingenuity could not and did not suffice to cover up the naked fact of Mr. Molotov's refusal to accept the only workable plan for German reunification under an independent, freely chosen, representative government. Mr. Molotov's alternative was clearly a scheme to insure the predominance of the Communist agents of the Soviet Union over all of Germany.

A Transparent Ruse

Although dressed in the superficially attractive trappings of withdrawal of all foreign troops and elections supervised by the Germans themselves, the ruse was so transparent that it could not be maintained as a serious proposal likely of acceptance by the German people themselves—even the beleaguered people of the Eastern Zone. Bitter as is the prospect of the continued partition of Germany, the German people of both Eastern and Western Zones clearly would choose to suffer its continuance rather than accept this Soviet plan which did not offer the semblance, much less the substance, of reunification under a freely chosen representative government, and which would surely have led to their eventual enslavement.

To me one of the truly stirring moments of the Conference occurred on the evening of February 10 at the *Städtische* Opera House during a performance of *Die Walküre*. This was after Soviet rejection of German reunification had already been made explicit. Mr. Dulles entered his box at the opera late, immediately after leaving the 15th plenary session, where the three Western Foreign Ministers had emphatically rejected the absurd Soviet proposal for a defenseless Europe deprived of the protection of NATO and EDC and at the mercy of the Soviet Union, with the U.S. relegated to the nominal role of an observer, along with the Chinese Communists.³ Between the acts of the opera, there was wave after wave of spontaneous applause for Secretary Dulles from the large

German audience. It was insistent, and it was heart warming because it was so obviously a genuine and unplanned tribute. Mr. Dulles sought to bring the salvos of applause to an end by retiring to the rear of his box, but repeatedly he was called forward again. No one who saw and heard that tribute could doubt that the Germans understood and supported the stand taken by Mr. Dulles in company with his two Western colleagues.

Another memorable occurrence took place when the Austrian delegation took its departure in deep disappointment on February 18. It was a trying moment for the Austrians, who had entertained real hopes that the Soviets would finally agree to sign an Austrian State Treaty which would have led to the withdrawal of occupation forces and the full restoration of Austrian sovereignty as pledged during the war, now 8 years overdue. In a dramatic move on February 14, the Austrians and the three Western Foreign Ministers had made the extreme concession of agreeing to the harsh Soviet version of the remaining five disputed articles in the draft Austrian treaty which had been a subject of negotiation since 1947. The Soviet refusal to accept the terms which they themselves had once pressed for afforded a clear revelation of the true nature of the Soviet position with respect to restoration of Austrian independence. It gave renewed evidence of the profound Soviet fear that any relaxation of its iron grip on the peoples of Central Europe might by a chain reaction lead to an irresistible surge toward freedom on the part of all the captive peoples.

When the Austrian delegation arose to leave half way through the final meeting on February 18, after it became manifest that the Soviet Union would not agree to an Austrian State Treaty until Soviet demands as to Germany had been met, the poignancy of the scene pervaded every part of the great conference hall. The Austrians kept their disillusionment below the surface, but the dashing of their hopes gave an emotional charge to the atmosphere as Dr. Figl and his compatriots made the rounds of the four Foreign Ministers to say their farewells. There was no doubt as to who was the villain of the piece, although Mr. Molotov maintained all the amenities as he bade Dr. Figl an outwardly cordial farewell. Nor was there any question as to who upheld the Austrian national aspiration as the touching farewells were exchanged by the Austrians with the three Western Foreign Ministers.

And now for the Far East. We have been committed since the conclusion of the Korean Armistice agreement last July, and the passage of the U.N. General Assembly Resolution on Korea last August,⁴ to seek a Korean Political Conference. We have been diligently seeking since early September to make the necessary arrangements for such a conference on terms consonant with para-

² For text, see BULLETIN of Feb. 8, 1954, p. 186.

³ For Secretary Dulles' comments of Feb. 10 on the Soviet proposal, see *ibid.*, Feb. 22, 1954, p. 267.

⁴ *Ibid.*, Sept. 14, 1953, p. 366.

graph 60 of the Armistice Agreement and the U.N. Resolution.

In an effort to arrange the conference, Ambassador Dean carried on conversations with the Chinese and North Korean Communists at Panmunjom from October 26 until December 12. The Communist side adopted an attitude of complete intransigence. It proved impossible to negotiate at Panmunjom the needed simple arrangements for the projected conference. Finally, the refusal of the Communist side to negotiate in good faith and its intolerable insults against the U.S. resulted in a decision by Mr. Dean to suspend the talks until the Communists showed a disposition to withdraw their baseless charges and to negotiate seriously. No such disposition had been manifested by the Communist side when the four Foreign Ministers convened at Berlin.

Korean Political Conference Arranged

The Berlin meeting had been convened to discuss European problems and therefore did not seem the proper place to discuss arrangements for a Korean Political Conference. However, when Mr. Molotov, on the first day of the Conference, insisted on introducing as item 1 of his draft agenda a proposal to consider measures for reducing tension in international relations through the convening of a meeting of Ministers for Foreign Affairs of France, the U.K., the Soviet Union, the U.S. and Communist China, and the three Western Ministers agreed to debate this proposal, the occasion seemed opportune to explore the possibility of concluding the necessary arrangements for the Korean Political Conference under item 1 of the agenda. This was done, and as a result a proposal which we had been advocating for several months was successfully substituted for the entirely unacceptable "Five Power Conference" proposal which the Soviet Union was endeavoring to press upon the Western Foreign Ministers.

Mr. Molotov was given to understand from the outset that no special big power status, or indeed any position of preferment or prestige, would be accorded to Communist China by the three Western Foreign Ministers. Thus Mr. Molotov's proposal for a five-power conference, including Red China, on the subject of relaxation of world tensions was completely rejected. We made it clear that we would deal with the unrecognized Peiping regime only in relation to concrete local problems of war and peace where it is a necessary party.

The eventual acceptance of the Western proposal for a Korean Political Conference demonstrated once again that a policy of firmness pays off in dealing with the Communist countries. By making an unequivocal stand on a basis of principle, agreement was achieved on a Korean Political Conference which is in accord with the letter

and the spirit of the U.N. General Assembly Resolution. Provision is made for the full participation of the Republic of Korea and all the countries which contributed forces to the U.N. Command in Korea; the Soviet Union will be a full participant and will have joint responsibility for any agreements which may be reached; neutrals are excluded; and the conference will be held at Geneva, the place first proposed by the U.S.

The stage is now set for the strongest effort that can be made, under the most favorable conditions that could be expected, to attain the peaceful unification of Korea under a representative government.

The resolution of February 18, which provides for the Korean Political Conference at Geneva, also stipulates that the problem of restoring peace in Indochina will be discussed at the conference. Representatives of the U.S., France, the U.K., the U.S.S.R., the Chinese Communists, and "other interested states" are to be invited to these discussions.

Secretary Dulles in a speech which he made last September at St. Louis⁵ pointed out that out of the Korean Political Conference could come, if Communist China willed it, a restoration of peace in Indochina. The Indochina paragraph of the February 18 resolution is consonant with this observation.

It remains to be seen whether the Communist side has any will for peace in Indochina. Certainly a cessation of the support of the Communist Viet Minh by the Chinese Communists would be one indication of such a will for peace.

We feel that, as believers in peace with honor, an obligation rests upon us to explore every possible avenue to peace in these two sorely tried areas—Korea and Indochina. In so doing, we are not compromising our basic principles; the wording of the resolution makes that explicit.

Neither will we allow an unproductive conference to drag on indefinitely. If it should become evident that attempts at constructive negotiation on our part are meeting with no response from the Communist side, or if the Communists should attempt to transform the conference into a propaganda sounding board by departing from the strictly limited agenda to which we have agreed, there would be no point in prolonging the conference. In any event we shall have the satisfaction of knowing that we have left no stone unturned in our effort to seek an acceptable peace in the two principal areas of Communist aggression in the Far East.

What were the Soviet motives in agreeing to this Korean Political Conference at Geneva when the Chinese Communists at Panmunjom had violently opposed the same formula for a conference? It is probable that the Soviets and the Chinese Communists were influenced in part by our firm

⁵ *Ibid.*, Oct. 5, 1953, p. 443.

and consistent opposition in the negotiations both at Panmunjom and later at Berlin to their unacceptable conference proposals. They finally became convinced that our side would never agree to the kind of conference they had proposed.

I am inclined to think that the Soviet Union in consultation with its Chinese Communist partners has concluded that notwithstanding the express stipulations of the resolution setting up the conference, Geneva may represent the beginning of an opportunity to advance the international prestige and gradually force the general international acceptance of Communist China. They hope to exaggerate the role assigned to Communist China by the resolution. Having failed to obtain a so-called "five-power conference" to include Communist China, they hope nevertheless to portray the conference to be held at Geneva in the false guise of a five-power conference. Already the process has started. The propaganda out of Moscow and Peiping refers incessantly to "the forthcoming five-power conference" at Geneva. Many non-Communist correspondents in Europe, Asia, and a few in our own country are unwittingly furthering the Communist line by carelessly referring to the conference as a five-power one.

Multi-Power, not Five Power, Conference

It is essential that we keep the record straight. It is not a "five-power conference" but a multi-power conference. It was made crystal clear to the Soviet Union through the Berlin conference that we emphatically rejected the concept of great-power conferences which would play a principal role in settling the large issues of the world with all other countries relegated to a secondary role. Communist China has no position above that of any other participant. The Chinese Communist regime will be present only because of its aggressor role, and it will be called upon to give an accounting for its aggression.

As the final paragraph of the resolution makes clear, there is no diplomatic recognition of Communist China implied in the holding of this conference. Communist China will be present as a regime which we are dealing with on a local basis and only in regard to strictly limited subjects where the regime is necessarily a party at interest through its aggressive interventions. Far from dealing with it as a great power, we do not even deal with it as a legitimate government. We should not erroneously assume that Communist China has been accorded any special status. We were successful in keeping the Chinese Communist regime in its proper place in the negotiations at Berlin. It would be unfortunate if Communist China should now be allowed to claim a prestige to which it is not entitled and which was explicitly denied to it at Berlin.

Undoubtedly the Soviet Union hopes through the Korean Political Conference at Geneva to

drive an opening wedge in the door to the family of nations which is now closed to Communist China. We assume that the U.S.S.R. hopes in due course to force that door wide open and obtain a seat for Communist China at all the council tables of the family of nations. The Soviets are staking much on their ability to use the Geneva Conference to further this aim.

But we are confident that without giving any preferment or any improved international status to the Peiping regime we can ascertain if there is any disposition on the part of Communist China to agree to Korean and Indochinese settlements. If the Chinese Communists are not willing to see a peaceful unification of a free and independent Korea, and a restoration of peace in the States of Indochina, we believe that fact will be clearly exposed for all to see at Geneva, as the Soviet designs for Germany and Austria were exposed at Berlin.

We have nothing to fear from participation in the conference at Geneva. As Secretary Dulles so clearly put it in his report to the Nation last week:⁶

There is . . . no reason why we should refuse to seek peacefully the results we want merely because of fear that we will be outmaneuvered at the conference table. No informed observers believe that we were outmaneuvered at Berlin. . . . Our cause is not so poor, and our capacity not so low, that our Nation must seek security by sulking in its tent.

If we are able to achieve satisfactory settlements at Geneva, it will be a boon to the peoples of Korea and Indochina and contribute to the peace and stability of the Far East. If we are not, it will demonstrate to the world that the Communists are not willing to abandon their aggressive policies in Asia, but are intent on bringing it under their total control. Such an exposure would in itself be significant. It would tend to strengthen the unity of the free nations in the face of their common danger.

If I were asked to put in a nutshell the result of Berlin, I should say that it reaffirmed and strengthened unity among the United States, the United Kingdom, and France and brought about a clearer perception by all the peoples of Europe of the sinister nature of the Communist grand design for Europe.

As to the Far East, the stage in effect was merely transferred from Panmunjom and Berlin to Geneva. The conference there will be a testing time for each side. At Geneva we will have an opportunity to probe deeply into Communist intentions as to Korea and Indochina with the prospect of findings which may be as revelatory as those brought to light at the meeting of the Foreign Ministers in Berlin.

We sincerely hope that the results of the conference at Geneva will bring to the peoples of the

⁶ *Ibid.*, Mar. 8, 1954, p. 346.

Far East new hope for the achievement of real peace and security in that area. Failing this, however, the conference will still not have been in vain if it brings into clearer focus for the free people of the Far East the nature of the Communist menace to them in that part of the world. In either event our hope will be strengthened that they may be spared the tyranny to which their neighbors on the Chinese mainland are being subjected.

Renegotiation of Tariff Concessions Granted by India

Press release 116 dated March 5

The Government of India, in the light of exceptional circumstances, has requested renegotiation of certain tariff concessions made by India in the General Agreement on Tariffs and Trade in 1947 and 1951. The interested contracting parties to that agreement, including the United States, have agreed to this renegotiation, in accordance with the understanding reached by the Contracting Parties at their eighth session that they would give sympathetic consideration to such requests.

India's purpose in requesting the renegotiation is to secure a modification in the concessions which it has granted in the rates of duty on items listed below. In the course of the renegotiation, the United States and other countries may request compensation in the form of other concessions by India, in return for their agreement to the modification of any of the listed Indian concessions. The possible compensatory concessions may include new concessions on products not now in the schedule of concessions by India or additional concessions on products already in such schedule. Should modifications in the schedule of Indian tariff concessions be agreed upon during the renegotiations they would have to receive final approval of all the Contracting Parties to the General Agreement.

Interested persons may submit any views with regard to items included in these renegotiations to the Committee for Reciprocity Information, which is the interdepartmental committee established to receive views on trade agreement matters. In addition to views on the items listed below, on which India desires to modify concessions now included in the General Agreement, views are also invited regarding any Indian items on which new or additional concessions might be requested as compensation for any agreed modifications.

It is requested that any such views be submitted by the close of business March 31, 1954. All communications on these matters, in 11 copies, should

be addressed to the Secretary of the Committee for Reciprocity Information, Tariff Commission Building, Washington 25, D.C.

India—Schedule XII

Indian customs Tariff No.	Description of product	Rate of duty
16 (1)	Fish, canned, other than sardines and pilchards.	20% ad val.
16 (3)	Sardines and pilchards, canned.	20% ad val.
22 (3)	Wines, not containing more than 42 percent of proof spirit (a) Champagne and other sparkling wines (b) Other sorts	Rs. 16/8— per Imperial gallon Rs. 9/8— per Imperial gallon
28 (30)	Tooth paste, tooth powder, talcum powder, shaving soap, and shaving cream.	30% ad val.
30 (12)	Lithopone	30% ad val.
30 (13)	Dyes derived from coal tar, the following namely: Alizarine moist exceeding 20%. Alizarine red Azo dyes Sulphur black Sulphur dyes of other colors. Ultrazols	} 12% ad val.
45 (3)	Vats, powder	
60 (4)	Fountain pens, complete	30% ad val.
71 (10)	Glass beads and false pearls. Safety razors and parts therefor, including blades.	50% ad val. 30% ad val.

New Agreement Maintains Ocean Stations Network

The network of floating stations in the North Atlantic which provides weather reports, navigation, and search and rescue services for aircraft flying between Europe and North America will continue as a result of an agreement signed at Paris on February 25 by representatives of 12 nations at the Fourth North Atlantic Ocean Stations Conference convened by the International Civil Aviation Organization. Announcement of the signing was made by ICAO on February 25. The new agreement calls for 9 ocean stations rather than the 10 now maintained by the existing agreement which expires on June 30 of this year.

The agreement will run for 2 years, with a possible automatic extension from year to year thereafter; the elimination of one station is expected to result in a global reduction of operating charges of about \$3,800,000 per year. Four of the 9 remaining stations will be operated by North American States; 5 by European; 21 ships will be re-

International Bank Makes Loan to Turkey

The International Bank for Reconstruction and Development on February 26 made a loan of \$3.8 million to the Government of Turkey for port development. The loan will supplement a loan of \$12.5 million made in July 1950 to finance the foreign exchange costs of a series of port improvement and construction projects. The new loan will cover an increase in the foreign exchange requirements of the projects.

The port projects being carried out with the help of bank financing are part of Turkey's program to modernize and enlarge its harbor facilities. Most of Turkey's foreign commerce and a large part of its domestic trade are dependent on efficient seaports. Since the time of the bank's first loan, the physical volume of Turkey's foreign trade has increased by about 90 percent and domestic trade has also increased greatly. Inadequate harbor facilities have resulted in overcrowding and excessive port charges. The loans are helping to finance the improvements most urgently needed to relieve the present load on Turkey's ports and to raise their immediate operational efficiency. The supplemental loan made today will insure the foreign exchange necessary to bring the projects to completion.

The cost estimates of the projects have been revised upward because (1) the work which has been carried on since 1950 indicated that certain technical revisions in the original projects were necessary; (2) there has been a general increase in the costs of material and equipment since 1950; and (3) requirements of the projects for imported construction equipment, steel, and cement are larger than were originally anticipated. Consequently, the estimated foreign exchange costs have been increased from \$12.5 million to \$16.3 million.

The projects for which the bank's loans are being used include the construction of a new port at Samsun on the Black Sea; the expansion of the ports of Salipazar and Haydarpara on the Bosphorus, Alsancak (the port of Izmir) on the Aegean Sea, and Iskenderun on the Mediterranean Sea; and the installation of additional permanent equipment at several smaller ports. Samsun has no natural harbor, and the new port being built there will give better access to a rich hinterland in central and eastern Anatolia. Part of the improvements at Haydarpara, Alsancak, and Iskenderun will be designed to service new grain elevators being built with the help of another bank loan. The work at Salipazar, Haydarpara, and Iskenderun should be completed during 1955. Completion of the construction at Samsun and Alsancak is expected to take longer.

quired to man these 9 stations. The 12 nations which will either operate ships or make cash contributions to the program are Canada, Denmark, France, Ireland, Israel, Italy, Netherlands, Norway, Sweden, Switzerland, United Kingdom, and United States.

The Conference devised a new system of distribution of the responsibilities of maintaining the stations, taking into consideration the development of aeronautical techniques and the increased number of transatlantic crossings since the present agreement was concluded in 1949. Two basic elements were used in computing this distribution: aeronautical benefits, based upon the number of crossings made by aircraft of each participating nation, and nonaeronautical benefits, resulting mainly from the meteorological observations which are needed for weather forecasting in the countries surrounding the North Atlantic. Other nonaeronautical benefits include the taking of observations useful to maritime interests, oceanographic observations, and the guarding of radio distress frequencies for surface shipping. Aeronautical benefits were considered to represent 80 percent of the value of the program, nonaeronautical benefits 20 percent; as weather across the North Atlantic moves generally from west to east, the Conference considered that the European States would receive the larger proportion of nonaeronautical benefits and assessed them with 75 percent of the value of this portion. The Conference also authorized the Council of ICAO to take responsibility for the coordination of the program and its operation and to fix cash contributions after 2 years when the program is extended.

The stations and their locations are as follows:

Station A—62°00' N., 33°00' W.—Operated by Norway and Sweden.

Station M—66°00' N., 02°00' E.—Operated by Netherlands.

Station K—45°00' N., 16°00' W.—Operated by France.

Station I—61°00' N., 15°20' W.—Operated by United Kingdom.

Station J—52°30' N., 20°00' W.—Operated by United Kingdom.

Station B—56°30' N., 51°00' W.—Operated by United States and Canada.

Station C—52°45' N., 35°30' W.—Operated by United States.

Station D—44°00' N., 41°00' W.—Operated by United States.

Station E—35°00' N., 48°00' W.—Operated by United States.

Station H—36°40' N., 69°35' W.—This station, operated in the existing program, will not be maintained under the new agreement.

From January 1, 1955, for the 18-month period until the new agreement expires, a rotation system will be put into effect for the European stations; then station M will be manned by ships from Norway and Sweden, and stations A, I, J, and K will be manned in rotation by the other European nations which operate ocean-station vessels.

Soviet Airplane Incidents of July 27 and 29, 1953

STATEMENT BY THE DEPARTMENT

Press release 90 dated February 24

The United States Government, following exhaustive investigations of two air incidents which occurred in the Far East in July, 1953, instructed the American Embassy at Moscow to deliver two notes to the Soviet Government concerning these incidents. The notes were delivered to the Soviet Foreign Office on January 26, 1954, by Chargé d'Affaires Elin O'Shaughnessy.

One note concerns the shooting down by Soviet aircraft of a United States Air Force RB-50 aircraft and its crew of 17 over the Sea of Japan. The note states in part:

The United States Government desires, before considering further action, to receive from the Soviet Government first, explicit and unambiguous details of the Soviet Government's claims as to the facts and the applicable propositions of law and, secondly, the latest evidence which the Soviet Government may possess or have available bearing on the question of survivors from the RB-50 crew.

The second note involves a claim by the Soviet Government for \$1,861,450, based on an alleged destruction by United States military aircraft on July 27, 1953, of an IL-12 airplane. United States military authorities in Korea announced on July 27, 1953, the destruction by Capt. Ralph S. Parr, USAF, of an IL-12 aircraft in North Korea. When Ambassador Bohlen, on July 31, 1953, protested the destruction by Soviet aircraft of the RB-50 over international waters,¹ he was informed of an alleged destruction on July 27, 1953, of a Soviet IL-12 airplane in Manchuria. The Soviet Government asserted that this was the Soviet airplane reported by United States Air Force authorities as having been shot down by Captain Parr. In this regard the second note states:

The United States Government points out that it does not concede and has not conceded that the IL-12 whose destruction the United States Government was the first to announce on July 27, 1953, five days before the Soviet Government made any announcement or claim on the subject, was the same airplane to which the Soviet Gov-

ernment's notes of July 31, 1953,¹ and August 11, 1953,² refer, nor does it have any independent information in respect to the destruction, whether by firing or otherwise, of any IL-12 aircraft within Manchuria or elsewhere than in North Korea, on or about July 27, 1953. In this regard the United States Government reiterates its request that the Soviet Government state specifically whether any aircraft, belonging to it or to any other government or organization to its knowledge, of an IL-12 type, whether carrying passengers or cargo, or neither, was destroyed or damaged in the area of North Korea on July 27, 1953, or at any date in the proximity of July 27, 1953.

The note points out that while the United States Government's investigation of evidence available to it demonstrates that the only IL-12 aircraft destroyed by an American aircraft on July 27, 1953 (the last day of the Korean hostilities), of which the United States Government is aware, occurred entirely within North Korea and that no such action took place in Manchuria as the Soviet Government claims; nevertheless the United States Government prefers to make a definitive answer to the Soviet Government's claim to its note of July 31 based on a consideration of the evidence which the Soviet Government allegedly examined in Manchuria. The note states further:

The policy of the United States Government, as is well known, is to further the settlement of international disputes by the procedures of international law and order and in accordance with the established practices of diplomacy, and to encourage other governments to pursue the same policy and practices in their relations with the United States Government and among themselves. If the applicable law and the established facts, upon the issues raised by the exchange of notes in this matter, demonstrate that the United States Government is under any obligation to the Soviet Government, the United States Government is prepared to recognize and meet that obligation in accordance with the established rules of international law and the international practices common among peace-loving and law-abiding governments.

In consequence of the foregoing, the United States Government, reserving its final decision as to its liability, if any, and the extent thereof, requests the Soviet Government to supply the United States Government with the following information which the Soviet Government has indicated is in its possession or is available to it and which is necessary in order that the United States Government may reach a determination of its own liability, if any, to the Soviet Government in the premises.

¹ BULLETIN of Aug. 10, 1953, p. 179.

² *Post*, p. 412. For a statement by the Department regarding the Soviet note of Aug. 11, see BULLETIN of Aug. 24, 1953, p. 237.

The information requested, itemized in detail in the note, is essential for any determination of the right of the Soviet Government to advance any diplomatic claim for damages under international law and to enable the United States Government to prepare a proper reply to the Soviet claim.

U.S. NOTE OF JANUARY 26 REGARDING RB-50 INCIDENT

EXCELLENCY: The Embassy of the United States of America presents its compliments to the Ministry for Foreign Affairs of the Union of Soviet Socialist Republics and, upon instructions from its Government, has the honor to state the following:

The Government of the United States of America refers to the notes of the Government of the Union of Soviet Socialist Republics of July 30 and August 4, 1953,³ and to the note of the United States Government to the Soviet Government dated August 4, 1953,⁴ and in particular to the Soviet Government's note of August 26, 1953,⁵ all of which concern the destruction by the Soviet Government of an American military RB-50 aircraft over the Sea of Japan on July 29, 1953.

This matter has continued to receive the careful and serious attention of the United States Government, both because of the United States Government's concern with the fate of the crew members of the destroyed aircraft and because of the implications which the Soviet Government's conduct in this and similar prior incidents suggests concerning the respect for international law and order which may be expected from the Soviet Government now and in the future. In the light of further investigation and study of the incident of July 29, 1953, which the United States Government has been making, the Soviet Government's notes in this matter, particularly the relatively detailed note of August 26, 1953, must be characterized as inadequate.

The United States Government desires, before considering further action, to receive from the Soviet Government first, explicit and unambiguous details of the Soviet Government's claims as to the facts and the applicable propositions of law and, secondly, the latest evidence which the Soviet Government may possess or have available bearing on the question of survivors from the RB-50 crew.

The Soviet Government is requested to communicate to the United States Government at the Soviet Government's earliest convenience the following detailed information:

A. As to the incident of July 29, 1953, the Soviet Government should give, without ambiguous or indefinite qualification, the precise and exact positions, by coordinates of latitude and longitude, at which the RB-50 is claimed by the Soviet Government to have been when the Soviet Government took each of the actions involved in the destruction of the aircraft.

The statements in the above-cited notes of the Soviet Government as to these positions are vague and ambiguous. The United States Government cannot respond properly to these assertions unless the Soviet Government makes its points more definite and more certain.

For example, the Soviet Government states in its note of August 26, 1953 that "ground observation" showed that the RB-50 which was shot down "violated the state boundary of the Union of Soviet Socialist Republics first in the region of Cape Gamov and continued to fly over territory of the Union of Soviet Socialist Republics in the vicinity of Askold Island not far from Vladivostok." The Soviet Government fails to state, it will be noticed, (a) precisely where it claims the state boundary of the Soviet Union runs in this area, (b) precisely where it claims the alleged violation of that boundary took place,

and (c) the precise positions it claims the RB-50 was when it was first intercepted and then when it was shot.

Specifically, the Soviet Government is requested to inform the United States Government:

1. The position by latitude and longitude coordinates where the Soviet Government claims the RB-50 aircraft crossed into Soviet territory "in the region of Cape Gamov."

2. The precise course by latitude and longitude coordinates which the Soviet Government claims the RB-50 flew "in the vicinity of Askold Island."

3. Whether ground observation, on the basis of which the position of the RB-50 was fixed by Soviet authorities, was made by radar or by direct visual observation of the aircraft. In case the claim of the Soviet Government is based on radar observation, the Soviet Government should provide, duly authenticated, copies of the logs and reports of the radar observers. In case it is based on reports of direct visual contact, the Soviet Government should provide in the original version, duly authenticated, the full statements made by the observers.

4. If the Soviet Government claims that the flight of the RB-50 was continuously observed before and after, as well as during, the time it was alleged to have crossed the boundary of the Soviet Union, the Soviet Government should provide the supporting logs and reports of the observers, duly authenticated, including both radar and visual observation.

5. With respect to the intercepting Soviet aircraft, the Soviet Government is requested to state whether these aircraft were during and following the time of interception under the supervision of Soviet authorities or the direction of ground controllers and whether instructions were given to the pilots of the intercepting aircraft concerning the action to be taken by them affecting the RB-50; and to provide the United States with duly authenticated copies of (a) all communications between the aircraft and supervisory Soviet authorities respecting the interception, (b) all radar and radio logs bearing on, or reflecting, the interception and on the actions of the Soviet pilots and the controllers, and (c) all reports submitted by the pilots, whether in writing or orally.

6. With respect to the alleged warning of Soviet aircraft to the RB-50, the Soviet note is not clear as to whether the Soviet Government claims any attempt was made to warn the RB-50 to leave Soviet territory prior to its destruction by Soviet fighters. In this regard the Soviet Government is requested to describe, with specificity and detail, the precise actions which were taken by the Soviet personnel involved (whether in the air or on the ground) to communicate, prior to the firing at it, any warning at all to the RB-50, or any suggestion to it that it was flying over Soviet territory and that it should leave the air space. Among the precise actions above mentioned which the Soviet Government is requested to describe are (a) the altitudes at which the Soviet aircraft flew with reference to the RB-50 aircraft, before, during and after interception; (b) the attitudes and directions of approach which the Soviet aircraft made in effecting each communication with and interception of the RB-50.

7. With respect to the actual shooting, which it is noted the Soviet Government apparently claims was first begun by the RB-50, the Soviet Government is requested to specify the precise position by coordinates of latitude and longitude, and the precise time sequence at which each of the various bursts of fire were made, distinguishing chronologically bursts of fire claimed to have been made by the RB-50 aircraft from those by the Soviet fighters.

8. With respect to the RB-50 aircraft, it is noted that the Soviet Government has indicated that it claims that the RB-50, after being shot by Soviet fighters, went off "in the direction of the sea." The Soviet Government is requested to inform the United States Government first, whether the Soviet authorities have made any attempt (a) to find the destroyed aircraft or (b) to salvage any part of the aircraft; and secondly, what the results of such attempts, if made, were. If salvage was attempted,

³ *Ibid.*, Aug. 17, 1953, p. 207.

⁴ *Ibid.*, p. 206.

⁵ Not printed here.

the Soviet Government is requested to state precisely what articles were picked up, and what has been done with those articles, and to arrange with the United States Government for the prompt return of the property wherever it may now be situated.

B. The United States Government is aware that the Soviet Government stated in its note of August 26, 1953, that it had no knowledge with respect to the existence of survivors. The United States Government must state that its own study of the known facts leads it to believe that it is highly likely that Soviet authorities—certainly since August 26, 1953—may have become informed with respect to the fate of the RB-50 crew members, either because one or more such crew members were picked up on the sea by Soviet nationals, or picked up on the land by Soviet nationals after being swept to the adjacent Soviet shores by sea currents; or because, if dead, the bodies of such crew members may have drifted to or near the Soviet shore where they could be detected or picked up.

The United States Government requests the Soviet Government (a) to inform it of all the relevant facts in this regard if these facts are already in the Soviet Government's possession or (b) to investigate, if it has not already done so, the question of identification of persons dead or alive who may have been members of the RB-50 crew and have come into the custody of Soviet authorities or of persons subject to Soviet jurisdiction, and to inform the United States Government of the results of the investigation.

The foregoing request concerns facts of which the Soviet Government must have the most direct, and therefore in a judicial sense the best, available evidence. Should the Soviet Government fail to favor the United States Government with the evidence requested, the United States Government takes this opportunity to declare to the Soviet Government that the United States Government will in any future proceeding in which the evidence may be relevant consider itself entitled to rely upon and submit other evidence in the United States Government's possession, and reserves the right to consider and contend wherever that may be relevant that the Soviet Government should be estopped from relying upon or offering any of such evidence so requested by the United States Government and not produced by the Soviet Government.

Accept, Excellency, the renewed assurances of my highest consideration.

U.S. NOTE OF JANUARY 26 REGARDING IL-12 INCIDENT

EXCELLENCY: The Embassy of the United States of America presents its compliments to the Ministry for Foreign Affairs of the Union of Soviet Socialist Republics and, upon instructions from its Government, has the honor to state the following:

The Government of the United States of America refers to note No. 27/OSA of August 11, 1953, from the Government of the Union of Soviet Socialist Republics in which the Soviet Government requests the United States Government to make payment of 7,445,800 rubles, or \$1,861,450, on account of damages alleged by the Soviet Government to have been suffered by it in consequence of the destruction of an IL-12 airplane on July 27, 1953. As the United States Government has indicated in related previous correspondence with the Soviet Government, in a note of August 1, 1953,⁶ replying to the Soviet Government note dated July 31, 1953, the only incident in which any American aircraft destroyed an IL-12 on July 27, 1953, occurred entirely within North Korea, during a period of hostilities

in which North Korea was a belligerent zone and the aircraft destroyed was hostile.

In view, however, of the Soviet Government's specificity of allegations of fact in its note of August 11, 1953, and of its request for compensation, the United States Government has conducted a comprehensive and exhaustive investigation, not only to recheck the accuracy of the statements made by the United States Government in the note of August 1, replying to the Soviet Government's note of July 31, to which reference has been made, but to check so far as possible the accuracy of the various specific statements made in the Soviet Government's note of August 11, 1953, with respect to the Soviet Government's own findings of fact.

The evidence derived from witnesses to whom the United States Government has access completely sustains the conclusions set out in the United States Government's note of August 1, 1953.

As the Soviet Government is well aware, investigation of the character described as having been conducted by Soviet authorities in Manchuria, or in North Korea, is not as feasible for the United States Government as for the Soviet Government. It is clear that a final resolution of the issues of fact raised by the Soviet note of August 11, 1953, cannot be reached, and the claim made by the Soviet Government cannot be answered as fully as the character of the claim would appear to merit, unless the United States Government can obtain all evidence relevant to the claim, and consider it as carefully and exhaustively as it has the evidence which the United States Government has obtained in its investigation.

The policy of the United States Government, as is well known, is to further the settlement of international disputes by the procedures of international law and order and in accordance with the established practices of diplomacy, and to encourage other governments to pursue the same policy and practices in their relations with the United States Government and among themselves. If the applicable law and the established facts, upon the issues raised by the exchanges of notes in this matter, demonstrate that the United States Government is under any obligation to the Soviet Government, the United States Government is prepared to recognize and meet that obligation in accordance with the established rules of international law and the international practices common among peace-loving and law-abiding governments.

In consequence of the foregoing, the United States Government, reserving its final decision as to its liability, if any, and the extent thereof, requests the Soviet Government to supply the United States Government with the following information which the Soviet Government has indicated is in its possession or is available to it and which is necessary in order that the United States Government may reach a determination of its own liability, if any, to the Soviet Government in the premises.

A. With respect to the statements in the first paragraph of recitals of fact in each of the Soviet Government's notes, that of July 31, 1953, and that of August 11, 1953, the following particulars are requested:

1. The source of the statement in the note of July 31, 1953, that the number of American aircraft which attacked the Soviet IL-12 was four, and the circumstances under which the information was obtained. It is requested particularly that it be stated on what date and by what means this report was first received by the Soviet Government, and whether the witnesses making the alleged identification were ground witnesses or in the air, and whether their observations were visual or made by means of mechanical equipment.

2. The number of IL-12 type of aircraft of all kinds belonging to the Soviet Government flying in the area of North Korea and the number flying in the area of Manchuria during July 27, 1953, and for seven days prior to that date, and the circumstances of each such flight. The times included should comprise particularly the time of the first receipt by the Soviet Government of the news of

⁶ BULLETIN of Aug. 10, 1953, p. 179.

the attack described in its notes of July 31, 1953, and of August 11, 1953, and all flying conducted from approximately 12:25 to approximately 12:28 local time July 27, 1953; and the circumstances should include the directions being flown and the positions in the air over the ground at which the aircraft involved were reported by observers and at which they reported themselves to be.

3. Whether prior to or on July 27, 1953, it had made IL-12 type aircraft available to non-Soviet authorities or persons in North Korea or in Manchuria, or China, or for flight in or over these areas; the full details bearing upon each of these transactions should be set forth.

4. All available supporting evidence in Soviet possession regarding the statement that the aircraft attacked was a Soviet passenger airplane which was making its regular flight from Port Arthur to Vladivostok on an established course, and en route of a regular Port Arthur-Vladivostok airline. In particular the United States Government requests:

a. Duly authenticated copies, for the period prior to July 27, 1953, and covering the number of years referred to in the Soviet Government's note, of (i) all literature advertising this airline, (ii) its time tables, (iii) its published schedules of rates, (iv) its airports of call, and (v) the names of the countries and places where such information was publicly distributed.

b. A statement whether at any time, and if so what times, the passenger line in question or any other airline flying between Port Arthur and Vladivostok, or neighboring points, used a course which would carry it over or into the territory of North Korea.

c. The radio call signs and the radio frequencies of the airline in question, with publications in which they were given, and the international organization, if any, in which they were registered or made public.

d. A statement whether the aircraft in question was at the time of this incident acting under the aegis of any operational organization other than this airline or other than on its regular schedules.

5. With respect to the aircraft for which the Soviet Government seeks compensation, the United States Government requests that the following information, duly authenticated, be submitted to it by the Soviet Government:

a. A statement whether the aircraft was registered with any official government agency, and if so, the name of the agency and a copy of the certificate or other document of registration.

b. A complete description of all the colorings and markings on the aircraft, particularly including:

(1) Those indicating the country of nationality and the country of registration of (a) the airline or other operating organization, and (b) the aircraft.

(2) The external color or colors of the airplane.

(3) All other identification symbols, whether in letters, words, figures, numbers or marks, giving (a) the colors and the location, by exact positions on the external parts of the airplane, occupied by each such letter, word, figure, number and mark, together with (b) the dimensions, in length and width, of each of them and of the spaces separating them.

(4) The international organizations to which each of the foregoing items was notified, and a copy of such notification with the date thereof.

c. The radio call signs and the radio frequency or frequencies used by the aircraft, and the radio stations to which it was required to report, and the times at which such reports were required, en route from origination of the flight to destination.

d. The places and times of origination and of intermediate landings and departures immediately preceding the place and time of alleged destruction.

e. All radio and communications logs for July 27, 1953, including voice and all other forms of transmission,

covering communications to and by the aircraft which the Soviet Government claims American fliers destroyed over Manchuria as specified in the Soviet Government's notes above mentioned.

f. All radar logs for July 27 respecting this same aircraft in flight, from origination to the last point of observation.

6. All radio and radar logs, with the same specificity as requested in the foregoing paragraphs 5 e. and 5 f., relating to other IL-12 aircraft known by the Soviet Government to have been in Manchuria or North Korea on July 27, 1953.

7. With respect to the last sentence of the first paragraph of the Soviet Government's note of August 11, 1953, giving coordinates by latitude and longitude of the place of alleged attack, the Soviet Government is requested to state the source or sources of its information and the full content of the message or messages originally transmitting this information.

B. With respect to the second paragraph of recital of facts in the Soviet note of August 11, 1953, the Soviet Government is requested:

1. To state on what date and from what geographical place the special commission referred to departed for the investigation.

2. To state at what place or places, by name and by coordinates of latitude and longitude, the commission examined the corpses and remains of the airplane and its contents.

3. To state whether the corpses and other contents of the airplane had been removed from the precise spot or spots in which they had first been found to the precise spot of examination by the commission. If so, the United States Government requests (a) the places and circumstances involved in such removal, (b) the names, official occupations and nationalities of all persons participating, and (c) the methods of transportation of the objects examined.

4. With respect to the bullet holes, to give the dimensions of the holes.

5. To supply, in duly authenticated form, the interrogations of all local inhabitants alleged to have been witnesses of the attack, together with the specific places at which the witnesses were interviewed and the places at which they claimed they were situated when they made the observation referred to. These should be given in the original language in which the statements were made, and preferably by photography of the original documents.

6. If the commission took or considered any photographs, to supply duly authenticated copies of all such photographs, together with places and circumstances of the taking of these photographs.

C. With reference to the third paragraph of the Soviet note of August 11, 1953, the United States Government points out that it does not concede and has not conceded that the IL-12 whose destruction the United States Government was the first to announce on July 27, 1953, five days before the Soviet Government made any announcement or claim on the subject, was the same airplane to which the Soviet Government's notes of July 31, 1953, and August 11, 1953, refer, nor does it have any independent information in respect to the destruction, whether by firing or otherwise, of any IL-12 aircraft within Manchuria or elsewhere than in North Korea, on or about July 27, 1953. In this regard the United States Government reiterates its request that the Soviet Government state specifically whether any aircraft, belonging to it or to any other government or organization to its knowledge, of an IL-12 type, whether carrying passengers or cargo, or neither, was destroyed or damaged in the area of North Korea on July 27, 1953, or at any date in the proximity of July 27, 1953.

D. With respect to the annex to the Soviet Government's note of August 11, 1953, requesting payment of

damages, the United States Government is unable to determine either its liability on the merits of the Soviet Government's claim or the extent thereof without the following additional information, which the United States Government requests, together with the source of the Soviet Government's information:

1. As to each passenger and each member of the crew for whom damages are claimed as single payment grants, and as to each member of his family for whom compensation is asked, as of July 27, 1953:

- (a) His name and nationality.
- (b) His home address.
- (c) His post of duty.
- (d) His occupation.
- (e) His age.

(f) Other facts entitling the Soviet Government under international law and practice to make any claim against the United States Government on his account.

2. As to each of the minor children and aged parents of each deceased, for whom a claim of pension is made, similar factual data as in the paragraph immediately preceding, including nationality as of July 27, 1953, and prior thereto, together with an explanation for the basis of claiming both single payment grants and pensions.

3. As to each of the deceased passengers and crew members:

- (a) The place where he embarked on the aircraft.
- (b) The place of his destination.
- (c) The business he was to perform after arrival at destination.
- (d) If he had business during flight, the nature thereof.
- (e) Whether he was concerned in flight, or was to be concerned after arrival at destination, with any matter bearing upon the hostilities between the United Nations and the forces of North Korea and Communist China or the settlement or continuation of such hostilities.

4. The places where the funerals referred to were held and the places where the transfers of remains were to be made for each of the persons on whose account this claim is made.

5. In respect to the compensation for property, a complete and detailed inventory of the property involved, and the evidence on which the evaluation was made.

6. In respect to the value of the IL-12 airplane, a statement whether this is market value or cost; if market value, the Soviet Government is requested to state the evidence upon which market value was obtained.

7. With respect to all computations of ruble value, in the annex to the note of August 11, 1953, an explanation of the basis upon which these figures were arrived at.

Accept, Excellency, the renewed assurances of my highest consideration.

SOVIET NOTE OF AUGUST 11, 1953

[Translation]

The Government of the Union of Soviet Socialist Republics, confirming the receipt of the note of the Government of the United States of America of August 1, 1953, considers it necessary to state the following:

As has already been communicated in the note of the Soviet Government of July 31, four American fighter planes, having invaded the borders of the Chinese People's Republic on July 27 of this year, at 12:28 local time (6:28 Moscow time), attacked and brought down over Chinese territory a Soviet IL-12 passenger airplane, which was making its regular flight from Port Arthur to Vladivostok on an established course. The attack of the American fighters on an unarmed Soviet passenger airplane took place 110 kilometers from the Chinese-Korean border

in the region of the Chinese city of Hua-tien (Khuadyan) which is on the route of the regular airline from Port Arthur to Vladivostok, along which Soviet passenger airplanes have now been making flights for several years. The coordinates of the Soviet airplane at the moment of the attack on it by the American fighter planes were 43 degrees 5 minutes north latitude and 127 degrees 45 minutes east longitude.

Upon receipt of the news of the attack by American fighters on the Soviet airplane and of the loss of the airplane as the result of this attack in the region of Hua-tien, a special commission of the Chief Administration for the Civil Airfleet of the U. S. S. R. was immediately dispatched to investigate the circumstances relating to the loss of the Soviet airplane. The commission discovered 15 corpses of passengers and 6 corpses of crew members as well as remains of smashed airplane. The investigation conducted by the commission showed that 6 corpses had bullet and fragment wounds and the wreckage of the airplane which was found had 19 bullet holes. Parachutes and other objects located in the airplane also had bullet holes. In addition, the commission interrogated local Chinese inhabitants, who were witnesses of the attack by the American fighter planes on the Soviet passenger airplane, who completely confirmed the facts set forth in the note of the Soviet Government of July 31.

In its note of August 1 of this year, the Government of the United States of America admits that American fighter planes attacked an airplane of the IL-12 type on July 27 at 12:25 local time, which, in regard to the moment of the attack, approximately coincides with data cited in the Soviet note. As the result of the attack referred to, the IL-12 airplane was brought down. In addition, however, the Government of the United States of America alleges that the IL-12 airplane was attacked by the American fighter planes, not over Chinese territory, but over the territory of Korea, approximately 8 miles from the Yalu River at a point with coordinates 41 degrees 38 minutes north latitude and 126 degrees 55 minutes east longitude. Such a statement is made despite the precisely determined fact that the attack by the American fighter planes on the Soviet passenger plane actually took place, not at the point indicated in the note of the Government of the United States of America, but at a point with the coordinates cited above of 43 degrees 5 minutes north latitude and 127 degrees 45 minutes east longitude, which is located, not on Korean territory 8 miles from the Yalu River, but on Chinese territory 170 kilometers northeast of the point cited in the note.

Thus, the time of the attack by the American fighter planes on the Soviet passenger airplane is correctly given in the note of the Government of the United States of America, but the place of the attack is incorrectly indicated. Obviously the Government of the United States of America has been misled regarding the place of the attack by the American fighter planes on the Soviet passenger airplane.

In view of everything set forth above, the Soviet Government confirms the decisive protest expressed in the note of July 31 in connection with the piratical attack by American military aircraft on the unarmed Soviet IL-12 passenger airplane and insists on severe punishment of the persons guilty of this crime and also on the prevention in future of such criminal actions by the American military command.

At the same time the Soviet Government insists on compensation by the Government of the United States of America for the damage inflicted upon the Soviet Government in connection with the loss of the above-mentioned 21 Soviet citizens and the IL-12 airplane. The amount of damages is set forth in enclosure to the present note. Moscow, August 11, 1953.

ENCLOSURE:

The value of the damage which was inflicted upon the Soviet Union in connection with the loss of the Soviet IL-12 airplane, its crew, and passengers, which occurred

as the result of the attack by American fighter planes on July 27, 1953, amounts to 7,445,800 rubles or \$1,861,450 and consists of the following:

Single-payment grant to families of lost passengers and members of the crew of the airplane: 420,000 rubles;

Pensions for minor children and aged parents of deceased: 5,670,000 rubles;

Expenses connected with funerals and transfer of remains of deceased: 315,000 rubles;

Compensation for value of personal property of the deceased (clothing, watches and other personal objects): 84,000 rubles;

Value of IL-12 airplane: 956,800 rubles.

U. S. Delegations to International Conferences

Executive Board of UNESCO

The Department of State announced on March 5 (press release 110) that Mrs. Elizabeth Heffelfinger has been designated as alternate to Dr. John Perkins, President of the University of Delaware, for the meeting of the Executive Board of UNESCO which will convene in Paris, March 10, 1954.

Mrs. Heffelfinger is a member of the Executive Committee of the U.S. National Commission for UNESCO and was a delegate to the second extraordinary session of the UNESCO General Conference held in Paris last July.

The meeting on March 10 is to review plans and make program recommendations to the eighth session of the General Conference of UNESCO, which will be held in Montevideo next fall.

THE DEPARTMENT

Organizational Changes

Press release 102 dated March 1, 1954

Pursuant to instructions of the Secretary of State, the following changes in organization and assignment of responsibility are announced, effective at once:

(a) Assistant Secretary Morton is designated Acting Deputy Under Secretary (Administration), and in addition to his present duties he will, until further instructions, perform those heretofore assigned to Under Secretary Lourie.

(b) Assistant Secretary Wailes is designated Assistant Secretary for Personnel Administration. Under the general direction of the Acting Deputy Under Secretary (Administration), Mr.

Wailes will assume responsibility for all functions of personnel administration excepting those relating to security.

(c) The "Bureau of Security, Consular Affairs and Personnel" is designated the "Bureau of Inspection, Security and Consular Affairs." under the administration of Mr. McLeod. The functions of personnel administration previously performed by this Bureau are transferred to the office of Assistant Secretary for Personnel Administration. Inspection functions in the Department are made a responsibility of the Administrator, Bureau of Inspection, Security and Consular Affairs, under the general supervision of the Deputy Under Secretary (Administration).

(d) The Acting Deputy Under Secretary (Administration) will make such supplementary changes in personnel and responsibility as are necessary in his judgment to complete the above directed changes.

Confirmation

The Senate on March 1 confirmed Henry F. Holland as Assistant Secretary for Inter-American Affairs.

THE FOREIGN SERVICE

Public Committee on Personnel

ESTABLISHMENT OF COMMITTEE

Press release 105 dated March 3

The Department of State on March 3 announced the formation of a Public Committee on Personnel.

The committee was established by Secretary Dulles, to study and advise him on measures necessary to increase the effectiveness of the career service to meet the vastly increasing responsibilities in the field of foreign policy which have devolved upon the President and the Secretary.

Members of the committee are Norman Armour, Foreign Service officer, retired, former Assistant Secretary of State and former Ambassador; John A. McCone, President, the Joshua Hendy Corporation, Los Angeles; Robert Murphy, Ex-Officio Member, Deputy Under Secretary of State; Morehead Patterson, Chairman and President, American Machine and Foundry Company, New York;

Donald Russell, President of the University of South Carolina and former Assistant Secretary of State; Charles E. Saltzman, General Partner, Henry Sears & Company, New York, and former Assistant Secretary of State; John Hay Whitney, Senior Partner in J. H. Whitney and Company, New York; and Dr. Henry M. Wriston, President of Brown University.

Dr. Wriston will serve as chairman of the committee. The vice chairman will be Mr. Whitney.

The committee's work is expected to be completed by May 1. It will be closely coordinated with the comprehensive program being conducted by Phillip Young, the personnel adviser to the President, covering all overseas personnel management practices as well as with the Bureau of the Budget, the Hoover Commission, and appropriate committees of Congress.

COMMITTEE HOLDS FIRST MEETING

Press release 112 dated March 5

The Secretary of State's Public Committee on Personnel had its first meeting on March 5 and began its survey of measures necessary to strengthen the professional service to the end that it be made a more effective instrument of U.S. foreign relations.

Bearing in mind the intent of Congress as expressed in the Foreign Service Act of 1946, the committee decided it will review the prior studies and recommendations of the Hoover Commission, the 1950 Advisory Committee on Personnel, and other groups in this field.

The committee will give special consideration to broadening the personnel base of the Foreign Service. The objective here is that the Department and its establishments abroad may be staffed to the maximum possible extent by career personnel, especially trained for the conduct of foreign relations and obligated to serve at home or abroad, thus providing a stronger Foreign Service.

The committee's field of interest will include the basic organization of the Service and its strength; the amalgamation program; personnel management with particular reference to the improvement of recruitment, training, and career-development programs; and the requirements to increase public confidence and fortify personnel morale.

Primary responsibility for each of these major phases of the enterprise will be undertaken by individual committee members.

Confirmation

The Senate on March 1 confirmed John M. Cabot as Ambassador to Sweden.

THE CONGRESS

USIA Report to Congress

The new U.S. Information Agency has been successfully launched in line with congressional recommendations, according to the report to Congress announced on February 21 by Theodore C. Streibert,¹ Director. The report was submitted to Vice President Nixon and Speaker of the House Martin.

The report, covering the first 5 months of operation from the creation of the Agency on August 1 to December 31, 1953, said the Agency is now concentrating on two major tasks: communicating and explaining U.S. foreign policy to peoples overseas and combating hostile propaganda which attempts to misrepresent our foreign policy. The report cites a "sharpening of the entire overseas information program" under a new statement of mission received from the President and the National Security Council on October 22, 1953.

PUBLICATIONS

Recent Releases

For sale by the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. Address requests direct to the Superintendent of Documents, except in the case of free publications, which may be obtained from the Department of State.

International Authority for the Ruhr. TIAS 2718. Pub. 5101. 42 pp. 20¢.

Agreement between the United States of America and Other Governments—Signed at Paris July 25, 1952, and October 19, 1951, and signed at London April 28, 1949.

Economic Cooperation. TIAS 2736. Pub. 5115. 4 pp. 5¢.

Agreement between the United States and the Federal Republic of Germany amending agreement of December 15, 1949. Exchange of notes—Signed at Bonn, November 14 and December 30, 1952.

Relief Supplies and Packages for Greece. TIAS 2737. Pub. 5116. 3 pp. 5¢.

Agreement between the United States and Greece amending agreement of February 9, 1949, as amended. Exchange of notes—Dated at Athens July 18 and December 22, 1952.

¹ U.S. Information Agency, *First Review of Operations, August-December 1953.*

American Principles. The Organization of Voluntary Foreign Aid (Ringland) 383

American Republics. The Spirit of Inter-American Unity (Dulles) 379

China. Faith in the Future of China (Robertson) 398

Communism. The Spirit of Inter-American Unity (Dulles) 379

Congress. USIA Report to Congress 414

Economic Affairs

International Bank Makes Loan to Turkey 407

New Agreement Maintains Ocean Stations Network 406

Policy on Wool Imports (Eisenhower) 393

Renegotiation of Tariff Concessions Granted by India 406

U.S. Not To Sign Tin Agreement 393

Foreign Service

Confirmation (Cabot) 414

Public Committee on Personnel 413

India. Renegotiation of Tariff Concessions Granted by India 406

International Organizations and Meetings

Korean Political Conference (text of letters) 397

New Agreement Maintains Ocean Stations Network 406

The Significance of the Berlin Conference (McConaughy) 402

The Spirit of Inter-American Unity (Dulles) 379

Tenth Inter-American Conference, U.S. delegation 383

UNESCO: Meeting of Executive Board 413

Korea. Korean Political Conference (text of letters) 397

Military Affairs

Faith in the Future of China (Robertson) 398

Soviet Airplane Incidents of July 27 and 29, 1953 (statement and text of notes) 408

Mutual Security

Faith in the Future of China (Robertson) 398

Military Aid for Pakistan (Eisenhower) 400

Presidential Documents. Military Aid for Pakistan (text of letter and statement) 400

Publications. Recent releases 414

State, Department of

Confirmation (Holland) 413

Organizational Changes 413

Public Committee on Personnel 413

Treaty Information

New Agreement Maintains Ocean Stations Network 406

Renegotiation of Tariff Concessions Granted by India 406

U.S. Not To Sign Tin Agreement 393

Turkey. International Bank Makes Loan to Turkey 407

U.S.S.R. Soviet Airplane Incidents of July 27 and 29, 1953 (statement and text of notes) 408

United Nations

Peaceful Change Through the United Nations (Key) 394

UNESCO: Executive Board Meeting 413

Venezuela. Tenth Inter-American Conference, U.S. delegation 383

Voluntary Foreign Aid. The Organization of Voluntary Foreign Aid (Ringland) 383

Name Index

Cabot, John M. 414

Clay, Henry J. 401

Dean, Arthur H. 397

Dulles, Secretary 379, 383, 413

Eisenhower, President 393, 400

Heffelfinger, Mrs. Elizabeth 413

Holland, Henry F. 413

Key, David McK. 394

McConaughy, Walter P. 402

McLeod, R. W. Scott 413

Morton, Thurston B. 413

Ringland, Arthur C. 383

Robertson, Walter S. 398

Smith, Walter Bedell 397

Streibert, Theodore C. 414

Walles, Edward T. 413

Check List of Department of State Press Releases: March 1-7

Releases may be obtained from the News Division, Department of State, Washington 25, D. C.

Press releases issued prior to March 1 which appear in this issue of the BULLETIN are Nos. 90 of February 24, 95 of February 25, and 99 of February 27.

No.	Date	Subject
100	3/1	Key: Peaceful change through U.N.
*101	3/1	London Embassy residence
102	3/1	Departmental changes
103	3/2	Dean-Smith letters on Geneva conference
†104	3/3	Lodge: Review of U.N. Charter
105	3/3	Public committee on personnel
*106	3/4	Educational exchange
†107	3/4	Commercial treaty with Israel
*108	3/4	Clay: Oath of office
109	3/4	Dulles: Caracas address
110	3/5	Heffelfinger: Delegate to UNESCO
†111	3/5	Hungarian plane case
112	3/5	Personnel committee meeting
†113	3/5	Byroade: Problems of Near East
†114	3/5	Jernegan: Middle East security
115	3/5	U.S. and tin agreement
116	3/5	Trade arrangements with India

*Not printed.

†Held for a later issue of the BULLETIN.

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The Department of State

Vol. XXX, No. 769

March 22, 1954



INTERVENTION OF INTERNATIONAL COMMUNISM IN THE AMERICAS • <i>Statements by Secretary Dulles</i>	419
PAN-AMERICAN ECONOMIC RELATIONS • <i>State- ments by Secretary Dulles and Assistant Secretary Waugh</i> .	426
AMERICA, JAPAN, AND THE FUTURE OF THE PACIFIC • <i>by Deputy Under Secretary Murphy</i> . .	430
GREECE AND FREE WORLD DEFENSE • <i>by Assistant Secretary Byroade</i>	439
THE MIDDLE EAST AND SOUTH ASIA—THE PROBLEM OF SECURITY • <i>by Deputy Assistant Secretary Jernegan</i>	444
THE FOUNDATIONS OF AMERICAN ATTITUDES • <i>by Ambassador H. Freeman Matthews</i>	434
HUNGARIAN PLANE CASE IN INTERNATIONAL COURT OF JUSTICE	449

For index see inside back cover



The Department of State bulletin

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March 22, 1954

The Department of State BULLETIN, a weekly publication issued by the Public Services Division, provides the public and interested agencies of the Government with information on developments in the field of foreign relations and on the work of the Department of State and the Foreign Service. The BULLETIN includes selected press releases on foreign policy, issued by the White House and the Department, and statements and addresses made by the President and by the Secretary of State and other officers of the Department, as well as special articles on various phases of international affairs and the functions of the Department. Information is included concerning treaties and international agreements to which the United States is or may become a party and treaties of general international interest.

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Intervention of International Communism in the Americas

Following is the text of a statement made by Secretary Dulles at Caracas, Venezuela, on March 5, immediately after a plenary session of the Tenth Inter-American Conference, together with statements made by Mr. Dulles during the March 8 and March 11 sessions of the Politico-Juridical Committee and the text of the declaration adopted by the Committee on March 13.

STATEMENT OF MARCH 5

The Guatemalan Foreign Minister [Guillermo Toriello] has made clear that he opposes any declaration by this Conference against international communism. Not only does he oppose any new action but also he goes further and says that his Government considers invalid prior resolutions for which his Government voted at the Ninth Inter-American Conference in 1948 and at the fourth meeting of American Foreign Ministers in 1951. By these resolutions the American States unanimously condemned international communism as incompatible with the concept of American freedom and as a danger for the American States.

We do not intend to let this issue be obscured by an abusive attack made upon the United States. We deplore the fact that this inter-American meeting should be used as a platform for efforts which seek to defame other American States and to exploit every possible difference with a view to disrupting the harmony of our gathering.

Guatemala's position with respect to intervention of international communism in the American Republics will be put to the test when this agenda item is taken up.

We are confident this Conference will reaffirm the position of the Ninth Conference on this question and will go on to declare that domination and control of political institutions of any American State by the international Communist movement would constitute intervention by a foreign political power and be a threat to the peace of America.

STATEMENT OF MARCH 8

Press release 121 dated March 8

The United States has introduced a resolution under the agenda item "Intervention of International Communism in the American Republics." Our proposal is before you.

Its preamble first recalls the prior resolutions finding international communism to be a threat and then records our judgment that this threat still persists.

The first operative portion declares that, if the international Communist movement should come to dominate the political institutions of any American State, that would be a threat to the sovereignty and political independence of us all, endangering the peace of America and calling for appropriate action.

In accordance with existing treaties, the second operative portion calls for disclosures and exchanges of information, which would expose and weaken the Communist conspiracy.

What is international communism? In the course of the general debate, one of the Foreign Ministers (the Minister of Guatemala) asked, "What is international communism?" I thought that by now every Foreign Minister of the world knew what international communism is. It is disturbing if the foreign affairs of one of our American Republics are conducted by one so innocent that he has to ask that question.

But since the question has been asked, it shall be answered. International communism is that far-flung clandestine political organization which is operated by the leaders of the Communist Party of the Soviet Union. Since 1939, it has brought 15 once independent nations into a state of abject servitude. It has a hard core of agents in practically every country of the world. The total constitutes not a theory, not a doctrine, but an aggressive, tough, political force, backed by great resources, and serving the most ruthless empire of modern times.

Declaration of Caracas

*Declaration of Solidarity for the Preservation of the Political Integrity of the American States Against International Communist Intervention*¹

WHEREAS:

The American Republics at the Ninth International Conference of American States declared that international communism, by its anti-democratic nature and its interventionist tendency, is incompatible with the concept of American freedom, and resolved to adopt within their respective territories the measures necessary to eradicate and prevent subversive activities;

The Fourth Meeting of Consultation of Ministers of Foreign Affairs recognized that, in addition to adequate internal measures in each State, a high degree of international cooperation is required to eradicate the danger which the subversive activities of international communism pose for the American States;

The aggressive character of the international communist movement continues to constitute, in the context of world affairs, a special and immediate threat to the national institutions and the peace and security of the American States, and to the right of each State to develop its cultural, political and economic life freely and naturally without intervention in its internal or external affairs by other States;

THE TENTH INTER-AMERICAN CONFERENCE,

I

CONDEMNS the activities of the international communist movement as constituting intervention in American affairs;

EXPRESSES the determination of the American States to take the necessary measures to protect their political independence against the intervention of international communism, acting in the interests of an alien despotism; and

REITERATES the faith of the peoples of America in the effective exercise of representative democracy

as the best means to promote their social and political progress; and

DECLARES:

That the domination or control of the political institutions of any American State by the international communist movement, extending to this Hemisphere the political system of an extra-continental power, would constitute a threat to the sovereignty and political independence of the American States, endangering the peace of America, and would call for a meeting of consultation to consider the adoption of measures² in accordance with existing treaties.

II

RECOMMENDS:

That without prejudice to such other measures as they may consider desirable, special attention be given by each of the American governments to the following steps for the purpose of counteracting the subversive activities of the international communist movement within their respective jurisdictions:

1. Measures to require disclosure of the identity, activities and sources of funds of those who are spreading propaganda of the international communist movement or who travel in the interests of that movement, and of those who act as its agents or in its behalf; and

2. The exchange of information among governments to assist in fulfilling the purpose of the resolutions adopted by the Inter-American Conferences and Meetings of Foreign Ministers regarding international communism.

3. *This declaration of foreign policy made by the American Republics in relation to dangers originating outside this Hemisphere is designed to protect and not to impair the inalienable right of each American State freely to choose its own form of government and economic system and to live its own social and cultural life.*³

¹Presented by the U.S. delegation to the Tenth Inter-American Conference on Mar. 6; adopted by the Politico-Juridical Committee, as amended, on Mar. 13 by a vote of 17-1 (Guatemala), with Mexico and Argentina abstaining.

²Amendment introduced by Colombia; the original draft read "appropriate action."

³Amendment introduced by the United States.

Most of the leaders of the Soviet Communist Party appear before the eyes of the world as responsible officials of the Soviet Government. In this capacity they conduct relations with the other Governments through the traditional institutions of diplomacy. But at the same time they operate and control this worldwide clandestine political organization to which I have referred.

Until the Second World War, Moscow's control over this organization was exercised openly through the central headquarters of the Communist International, the so-called "Comintern." That was a political association to which all of the Communist parties belonged and it had its seat in Moscow. During the war the Comintern was officially abolished. Since that time the control over the foreign Communist parties has been exer-

cised by the Moscow leaders secretly and informally, but for the most part no less effectively than before.

As proof of this fact one does not need to search for the precise channels through which this control proceeds, although some of them in fact are known. If one compares Soviet propaganda with the political positions taken by individual Communist officials and agents around the world, both from the standpoint of substance and timing, it becomes clear, beyond possibility of doubt, that there is this highly disciplined hierarchical organization which commands the unquestioned obedience of its individual members.

The disciplinary requirements include a firm insistence that loyalty to the movement, which means in effect loyalty to the leaders of the Com-

munist Party of the Soviet Union, shall take precedence over every other obligation including love of country, obligation to family, and the honor of one's own personal conduct.

These conclusions are not speculation; they are established facts, well known to all who have seriously studied the Communist apparatus.

The fact that this organization exists does not mean that all members of all Communist parties everywhere are conscious of its existence and of their relationship to it. Only a small proportion of Communist Party members are initiated into complete awareness of the nature of the movement to which they belong and the real sources of its authority. Most national Communist parties masquerade as normal patriotic political parties, purporting to reflect indigenous political impulses and to be led by indigenous elements.

Actually, every one of these parties represents a conspiracy within a conspiracy; the rank-and-file members, while serving the purpose of duping others, are to a considerable extent duped by their own leaders. The leaders do not reveal fully to the rank and file either the nature of their own allegiance or the sources of their own authority and funds.

The overall purpose for which this organization is maintained and operated is to act as an instrument for the advancement of the worldwide political aims of the dominant group of Moscow leaders.

This, then, is the answer to "What is international communism"?

It may next be asked whether this international Communist apparatus actually seeks to bring this hemisphere, or parts of it, into the Soviet orbit. The answer must be in the affirmative.

I shall not here accuse any government or any individuals of being either plotters or the dupes of plotters. We are not sitting here as a court to try governments or individuals. We sit rather as legislators. As such, we need to know what will enable us to take appropriate action of a general character in the common interest. Therefore, I shall confine myself to presenting well-established facts of that character.

When the Comintern was operating openly, it trained at Moscow, largely in the Lenin School, numerous persons from the Americas. Some of them are still active.

International Front Organizations

There was a special Comintern headquarters, and there were secret field offices which controlled and supported Communist activities in Latin America. The Comintern also developed a series of international front organizations designed to enable its agents to get popular backing from special groups such as labor, youth, women, students, farmers, etc. These front organizations also served as cover for the Soviet intelligence services.

When the Soviet Communist Party went

through the form of abolishing the Comintern, these same front organizations were carried on in a different form, with headquarters shifted from Moscow usually to satellite capitals. The Communist International of Youth emerged as the World Federation of Democratic Youth, with headquarters in Budapest, and as the International Students Union, with headquarters in Prague. There is the Women's International Juridical Association. There is the World Peace Council, located in Prague. There is the World Committee Against War and Fascism. Most powerful of all is the World Federation of Trade Unions, seated under Soviet auspices in Vienna. There is the All Union Society for Cultural Relations Abroad which channels propaganda through its local outlets, the various Soviet friendship societies.

These front organizations carry on important activities in many of the American States. Their members in this hemisphere go back and forth to the Soviet bloc countries, using funds which are supplied by the Soviet Communist Party.

The basic facts I outline are well known. They could be supplemented by masses of detail, but that is unnecessary for our present purposes. It is enough to know that international communism operates strongly in this hemisphere to accomplish the political purposes of its leaders who are at the same time the leaders of the Soviet Communist Party and of the Soviet Union.

International communism is not liberating but enslaving. It has been suggested that, even though the international Communist movement operates in this hemisphere, it may serve a liberating purpose, compatible with principles of our American States. Few, I believe, would argue for that openly. The thesis is advanced rather by innuendo and insinuation.

Such suggestions lose all plausibility when we recall what this Communist movement has done to the nations and the peoples it has come to dominate. Let us think first in terms of nations.

Many of us knew at the United Nations Jan Masaryk, the son of the great author of Czechoslovak freedom. He was a Foreign Minister who believed, until almost the end, that the Communist movement in his country was something different; that it could be reconciled with the national freedom to which his father and he were so passionately dedicated. But in the end his broken corpse was offered to the world as mute evidence of the fact that international communism is never "different" and that there can be no genuine reconciliation between it and national freedom.

Czechoslovakia was stripped of every vestige of sovereignty, as we in the Americas understand that term. It was added to the list of victims, which already in Europe included Latvia, Estonia, Lithuania, Poland, East Germany, Albania, Hungary, Rumania, and Bulgaria. These ten European nations, once proud and honorable examples

of national freedom, have become Soviet serfdoms or worse.

Within all the vast area, now embracing one-third of the world's people, where the military power of the Soviet Union is dominant, no official can be found who would dare to stand up and openly attack the Government of the Soviet Union. But in this hemisphere, it takes no courage for the representative of one of the smallest American countries openly to attack the government of the most powerful.

I rejoice that that kind of freedom exists in the Americas, even if it may be at times abused. But the essential is that there be a relationship of sovereign equality. We of the United States want to keep it that way. We seek no satellites, but only friendly equals. We never want to see at the pan-American table those who speak as the tools of non-American powers. We want to preserve and defend an American society, in which even the weak may speak boldly, because they represent national personalities which, as long as they are free, are equal.

It is the purpose of our resolution to assure that there will always be in this hemisphere such national personalities and dignity.

If now we turn to see what international communism has done to the individual human beings, we find that it has stripped them, too, of their sense of dignity and worth. The professional propagandists for communism talk glibly of lofty aims and high ideals. That is part of the routine—and fraudulent—appeal of the international Communist movement. It is one of the principal means by which the dissatisfied are led to follow false leaders. But once international communism has gained its end and subjected the people to the so-called "dictatorship of the proletariat," then the welfare of the people ceases to be a matter of practical concern.

Communism and the Worker

Communism, in its initial theoretical stage, was designed primarily to serve the workers and to provide them, not with spiritual values, for communism is atheistic, but at least with a material well-being. It is worthwhile to observe what has actually happened to this favored group in countries subjugated by Communist power.

In these countries the workers have become virtual slaves, and millions of them are literally slaves. Instructive facts are to be found in the United Nations Report on Forced Labor, which was presented to the United Nations Assembly at its last session.¹ The authors of this report were three eminent and independent personalities from India, Norway, and Peru. The report finds that

¹ U. N. doc. E/2431; for an excerpt, and for text of U. S. statement, see BULLETIN of Aug. 10, 1953, p. 167, and Dec. 21, 1953, p. 865.

the Soviet Union and its satellites use forced labor on a vast scale. Prior evidence presented to the United Nations indicates that approximately 15 million persons habitually fill the Soviet labor camps.

The Forced Labor Report calls the Soviet method of training and allocating manpower "A system of forced or compulsory labor." The Soviet workers are the most underpaid, overworked persons in any modern industrial state. They are the most managed, checked-on, spied-on, and unrepresented workers in the world today. There is no freedom of movement, for the Russian worker is not allowed to leave his job and shift to another job. He is bound to his job by his labor book. Except for the relative few who have class privileges, wages provide only a pitiful existence. Now, 37 years after the October revolution, unrest and discontent have so mounted in Soviet Russia that the rulers are forced publicly to notice them and to promise relief.

Conditions in the Soviet satellite countries are even worse than in Russia. The captive peoples have been subjected to sharply decreased living standards, since they lost their freedom, and to greater exploitation than prevails in Russia. The workers' outbreak in East Germany of last June showed in one revealing flash how desperate the people have become. Young boys armed only with stones dared to face up to Soviet tanks.

When I was in the East Sector of Berlin last month, the Soviet Foreign Minister referred to that outbreak, and he said that steps had been taken to be sure that it did not happen again. I saw those steps. They consisted of thousands upon thousands of heavily armed soldiers, with machineguns and tanks.

Traditions of liberty have been established in this hemisphere under the leadership of many great patriots. They fought for individual human rights and dignity. They lighted the guiding beacons along freedom's road, which have burned brightly in the healthy air of patriotic fervor. These beacons must not be stifled by the poisonous air of despotism now being fanned toward our shores from Moscow, Prague, and Budapest.

These places may seem far away. But let us not forget that in the early part of the last century the first danger to the liberties and independence which Bolívar, San Martín, and their heroic associates had won for the new Republics stemmed precisely from the despotic alliance forged by the Czar of Russia.

Sometimes, it seems, we recall that threat only in terms of colonialism. Actually, the threat that was deemed most grave was the desire of Czarist Russia and its allies to extend their despotic political system to this hemisphere.

I recall that President Monroe, in his message to Congress of December 2, 1823, addressed himself particularly to that phase of the problem. He

spoke of ending future colonization by any European power, but he spoke with greater emphasis and at greater length of the danger which would come if "the Allied Powers should extend their political system to any portion of either continent" of this hemisphere.

What he said was being said in similar terms by other great American patriots and defenders of human liberty. Those sentiments have long since ceased to be merely unilateral. They have become an accepted principle of this hemisphere. That is why, it seems to us, we would be false to our past unless we again proclaimed that the extension to this hemisphere of alien despotism would be a danger to us all, which we unitedly oppose.

The Price of Freedom

My Government is well aware of the fact that there are few problems more difficult, few tasks more odious, than that of effectively exposing and thwarting the danger of international communism.

As we have pointed out, that danger cloaks itself behind fine-sounding words; it uses the cover of many well-intentioned persons, and it so weaves itself into the fabric of community life that great courage and skill are required to sever the evil from the good. The slogan of "nonintervention" can plausibly be invoked and twisted to give immunity to what is, in fact, flagrant intervention.

The fact, however, that the defense of freedom is difficult, and calls for courage, is no adequate excuse for shutting our eyes to the fact that freedom is in fact endangered.

Freedom is never preserved for long except by vigilance and with dedicated effort. Those who do not have the will to defend liberty, soon lose it.

Danger to liberty constantly recurs in ever-changing form. To meet that danger requires flexibility and imagination. Each of our nations has in the past had to take some difficult and dangerous decisions, of one kind or another, on behalf of the independence and integrity of this hemisphere. During the 19th century, more than one American nation, including my own, risked the hazard of war against great military powers, rather than permit the intrusion into this hemisphere of the aggressive forces of European imperialism. During this 20th century, when evil forces of militarism and fascism twice sought world domination, the United States paid a great price in blood and treasure which served us all. Each of our American Republics has contributed to what has now become a glorious tradition.

Today we face a new peril that is in many respects greater than any of the perils of the past. It takes an unaccustomed form. It is backed by resources greater than have ever been accumulated under a single despotic will. However, we need not fear, because we too have greater assets. We have greater solidarity and greater trust born out of our past fraternal association. But just as the

danger assumes an unconventional form, so our response may also need to be different in its form.

We need not, however, solve all these matters here. What we do need to do is to identify the peril; to develop the will to meet it unitedly, if ever united action should be required; and meanwhile to give strong moral support to those governments which have the responsibility of exposing and eradicating within their borders the danger which is represented by alien intrigue and treachery.

Of course, words alone will not suffice. But words can be meaningful. They can help to forge a greater determination to assure our collective independence, so that each of our nations will, in whatever way that is truly its own, be the master of its destiny. Thus, we will have served our common cause against its enemies.

It is in that spirit and in that hope that the United States presents its resolution.

STATEMENT OF MARCH 11

Press release 130 dated March 12

The U.S. delegation has listened with close attention to the important observations which other delegations have made with reference to intervention of international communism in the American Republics.

I have been impressed by the spirit of solidarity and unity. One's faith in our inter-American association cannot but be strengthened by this experience. It is a new chapter in practical cooperation for a common purpose.

There has been, it seems to me, an extraordinary degree of unanimity as to basic objective and means. I am confident that this unity of view will be incorporated in the document we approve.

There appears to be general acceptance of two basic propositions, i. e., (1) that international communism, which our American Republics have twice denounced with unanimity, is still a danger to hemispheric integrity, and, (2) that it is important for us at this time solemnly to warn the authors of this threat to keep their hands off this hemisphere.

The U.S. proposal for giving effect to these two principles has been generally accepted. However, certain amendments have been proposed or suggested.

The United States has given very careful consideration to these amendments and I should like to express, at this time, my views concerning them.

The concern most often expressed is that our declaration might be interpreted as intervention, or justifying intervention, in the genuinely domestic affairs of an American State. This concern is, we believe, due to natural historical fears rather than to any language in the U.S. proposal.

As several of my colleagues have pointed out, in view of the specific purpose and scope of the pro-

posals and the safeguards of existing treaties within which it would operate, it is not conceivable that the declaration could be used for other than its intended purpose. I refer particularly to the admirable addresses of the Brazilian and Colombian Foreign Ministers. The U.S. proposal does not and obviously cannot enlarge or change in any way existing treaties.

The U. S. proposal, as submitted, is a foreign policy declaration directed against those in non-American lands who operate the subversive apparatus of international communism. They have used that apparatus to gain control over 800 million persons, to blot out independence in 15 nations in Europe and Asia, and they demonstrably are putting that apparatus into use against this hemisphere. We would warn them that we are aware of their design, that we oppose it, and that they cannot expect to gain a real success within this hemisphere because, if they should get control of any American State, we would all unite to deprive them of the fruits of their aggression and to restore the sovereignty and political independence to the American State that had been robbed of it.

Our proposed declaration in this sense is, I repeat, a foreign-policy declaration. Our admonitions are not addressed to any one of our Republics or to the Western Hemisphere.

Proposed U. S. Amendment

The delegations of Argentina and Mexico have suggested some verbal changes which they believe make this aspect of the declaration more clear. It seems to us, however, that the apprehension expressed comes not primarily from the present text but from historical fears and that the better and more adequate way to meet them is to add to the declaration as drafted by the United States an additional paragraph which would read as follows:

This declaration of foreign policy made by the American Republics in relation to dangers originating outside this Hemisphere is designed to protect and not to impair the inalienable right of each American State freely to choose its own form of government and economic system and to live its own social and cultural life.

Such a supplement to the declaration proposed by the United States will, we believe, dispose of all the fears which have been expressed. Certain proposals have been made by the Mexican delegation which are unacceptable to the United States because they would, in our opinion, basically alter the concept of the declaration and turn it from a foreign-policy declaration into a declaration of domestic import. These Mexican amendments fall under four headings:

1. They would, in general, substitute the words, "agents of foreign international communism," where the U.S. proposal speaks only of "international communism."

It is of course important that each of our states should take steps to detect and eradicate the secret agents which international communism has introduced into our midst. Such internal measures were recommended at the Fourth Meeting of the Ministers of Foreign Affairs. However, it was not the purpose of the United States to suggest that we should now merely repeat what was then said. We believe that we ought to give a simple, clear, and direct warning to the principals of these secret agents who for the most part reside in Moscow or satellite capitals and who from there dominate and direct the international Communist movement.

It is the fact that we direct our warning to them that gives the proposed declaration its status as a declaration of foreign policy. We would be reluctant to see our declaration altered so that it was essentially a doctrine of internal import as it would be if we directed ourselves only against the agents here of international communism.

2. It is suggested that we should introduce, at various points, references to our respective constitutional procedures. This would, of course, be appropriate if the declaration were designed to prescribe our own internal conduct. The United States would, however, be reluctant to adopt language which seemed to imply that that was the purpose of this declaration. Of course each of us will act in accordance with our constitutional processes. However, a warning to potential enemies to keep their hands off of us has nothing whatever to do with our own domestic constitutional procedures.

3. One of the Mexican amendments would basically alter what is the heart of the proposed declaration, namely, that part which says that

the domination or control of the political institutions of any American State by the international Communist movement, extending to this Hemisphere the political system of an extra-continental power, would constitute a threat to the sovereignty and political independence of the American States, endangering the peace of America, and would call for appropriate action in accordance with existing treaties.

In place of this clear, precise warning, which all can understand, the Mexican delegation would substitute a legalistic paragraph which attempts obscurely to define what we will do "when" the political institutions of any American State are subverted by the intervention of extra-continental or of any Communist power.

It seems to the United States unthinkable that the American States should adopt a declaration dealing with what we shall do "when" one of our American Republics is made the puppet of international communism. The whole purpose of our declaration is to prevent that from happening. A declaration which merely says what we shall do after it has happened would, I think, be wholly unacceptable to most of us. Certainly it is unacceptable to the United States.

The United States believes that, as suggested

by the Brazilian and Colombian delegations, the declaration contained in its draft could usefully be amended by inserting before the words "appropriate action" the words "for consultation and," so as to make it perfectly clear that meetings of consultation would precede action—as is indeed prescribed both by the Rio Pact and by the charter of the American States.

4. The Mexican delegation has proposed certain amendments to the second section of the U.S. draft which contains recommendations which relate primarily to exposures and exchanges of information. For reasons which were very ably expressed by the chairman of the Haitian delegation, the United States believes that the Mexican amendments in this respect are inadvisable.

References to Social and Economic Measures

A considerable amount of discussion has related to the possible inclusion in the proposed declaration of references to social and economic measures which it is believed would help our American Republics in their fight against international communism. In this connection an amendment has been proposed by the Mexican delegate and a suggestion made by the Panamanian delegation.

The U.S. delegation believes that this Conference should make clear in no uncertain terms the dedication of our Republics to human rights and freedoms and to healthy economic and social conditions. In a statement which I made yesterday before the Economic Committee, I pledged my Government to support economic proposals in this sense, and we will equally support an appropriate declaration dealing with human rights and with the inherent dignity of the individual without regard to race, nationality, religion, or class. We entertain grave doubt, however, as to the wisdom of including such a declaration in our message of warning to the Communist dictators. There are two reasons for our opinion that our declaration in these respects should be made elsewhere.

In the first place, it is, we believe, unfortunate to give the impression that we are interested in human rights, individual dignity, and opportunity and economic welfare only because we thereby combat communism. If there were no Communist threat in the world today, we would still believe that this Conference should renew its dedication to human welfare and its enhancement. It seems to us to degrade that which is most sacred and fundamental, to treat it as merely an anti-Communist tactic.

In the second place, it seems inappropriate to include a reference to our economic and social needs in a warning addressed to alien dictators. Surely we do not want to say to them in effect that their intervention would be acceptable in the case of an American State which did not achieve an ideal political, social, or economic order. The United States believes that the principle of non-

intervention is an absolute principle and that we should avoid anything which could be interpreted to indicate that we would compromise it under any conditions.

For both reasons the United States believes that the declarations of our dedication to, and concern for, social and economic welfare should be expressed in another resolution rather than in a declaration of foreign policy directed to the alien despots who plot against us.

Mr. Chairman and Fellow Delegates, there are one or two around this table who seem to have expressed the thought that our collective American system is incapable of dealing with the kind of threat which now faces us and the formidable character of which has been demonstrated in respect to many countries and many people.

It is said that we cannot show a collective front against this danger because we cannot trust ourselves. It is suggested that the doctrine of non-intervention is so lightly regarded by the American States themselves that two-thirds of them might unite to practice intervention against a fellow American State. This danger is said to be so much greater than the danger of Communist intervention, that the American States should leave themselves exposed to international communism rather than run the risk that the doctrine of collective security might be turned by American States themselves into a doctrine of collective intervention.

Mr. Chairman, I have greater faith than that in the American system. I believe that there is not a single American State which would practice intervention against another American State. It is incredible to me that it should even be suggested that 14 of our 21 American States could be found to abuse the charter of the American States and the Rio Pact and to pervert those great enlightened political instruments into instruments of evil.

I can think of nothing more disastrous than for such mutual distrust to be exhibited to all the world so that our enemies may seek to take advantage from it.

I believe that the great disasters come about largely through miscalculation. Aggressors assume that they can with little risk make great gains. The purpose of the declaration proposed by the United States is to give a warning which will prevent such miscalculation. We believe that if the American Republics clearly and unitedly warn the alien plotters to keep away, the effect of that warning will be greatly to diminish the danger.

We believe, on the other hand, that if we fail to utter that clear and united warning, if we show distrust among ourselves, then the danger will go on mounting, and presently our beloved America will be ravaged by those evil forces which have turned Europe and Asia into continents of strife and misery.

This hemisphere has had an almost miraculously safe existence. It has been won by the courage, the foresight, of great patriots. Today it is our responsibility to preserve for future generations

the great and sacred heritage which those patriots entrusted to our hands. May we play our part so that we too shall be honored by those who come after us.

Pan-American Economic Relations

Following are texts of statements made on March 10 by Secretary Dulles and by Samuel C. Waugh, Assistant Secretary for Economic Affairs, before the Committee on Economic Matters of the Tenth Inter-American Conference at Caracas:

STATEMENT BY SECRETARY DULLES

Press release 128 dated March 10

I have sought the privilege of sitting with this economic committee because the problems which we face here in the Americas are as much economic as they are political.

It is sometimes said that we must seek economic welfare for the reason that that is the best defense against communism. I, myself, would put it differently. We seek economic welfare because, here in the Americas, we believe that all human beings, without regard to race, religion, or class should have the opportunity to develop in body, mind, and spirit. That can happen only in a healthy society. Therefore, we seek it as something which is good in itself, not merely as a defensive mechanism against communism.

Different nations develop their economies in different ways. That is natural and as it should be. We do not believe in a world of conformity. We believe that there is a richness in diversity. Just as this universe in which we live was created as a universe of diversity, so the human institutions which man builds are properly diverse, to take account of human and geographical differences.

In the United States we have a political system and an economic system which we believe to be good. At least, we are convinced that they serve well our particular needs.

We do not claim that our economy is perfect. In the past, business cycles, sometimes of great severity, have brought misery upon many people at home and abroad for reasons which they themselves could not control. There have been segments of our people who have not received

adequate opportunity and who have not been rewarded in accordance with their merits.

We are constantly striving to make our society better by applying the lessons of experience. We do not believe that there exists, any more, the risk of great depressions as part of an inevitable cycle. Also the abundant productivity of our economy is steadily being spread to benefit more and more people.

All this is being done within the framework of a free enterprise economy which places a primary responsibility upon private effort. In this way we seek to develop a population of individuals who work hard, who invent, who save, who share. We recognize that, as social and economic problems grow in magnitude and complexity, so government has to assume increasing supervisory tasks. Nevertheless, the United States continues to place its primary dependence upon individual effort and upon private capital.

Our society is by no means a self-contained society. We know that for our present well-being, and the increasing of that well-being with others, foreign trade plays an important part in our economy. We know that it plays an even more important part in the economy of many friendly nations. We shall, therefore, strive to give to trade the dependability which it deserves.

Many of you feel that some adjustments of United States economic policies would be mutually beneficial. You may be right. Certainly, these are matters which we are prepared to consider openmindedly. That, indeed, is one of the reasons why we have come here with an important economic and financial delegation, representing not only the Department of State but also the Treasury, Commerce, and the Export-Import Bank. We are here to discuss, to study, and to learn, in line with the traditional United States policy of constantly taking new ways whenever we can be confident that the change is for the better.

We recognize that, in the economic field, it is more difficult to combine unity with diversity than it is in the political field.

Press release 127 dated March 10

In many of the American Republics, government plays a much more important role in economic affairs than we think desirable for ourselves. Some of you may think in terms of governmental capabilities, where we think in terms of private activity. Action which some of your governments would undertake as a normal function might seem to us a major departure from our standards of peacetime activity. Equally, opportunities and safeguards for private activity which we treat as a matter of course may seem to some of you to be extraordinary.

No one of our Republics should expect another to abandon its economic creed, in which its people believe and which seems adapted to its particular environment. Nevertheless, we must find more and better ways to cooperate. Happily, there are vast areas within which there are no basic obstacles, as evidenced by the very large amount of business which we do with each other. There is, and will continue to be, a vast exchange of goods between our countries to our mutual advantage. There will, I hope, be a substantial flow of capital which will help develop the vast potential resources of many of our southern neighbors.

But what now is, is not good enough to be accepted as satisfactory. We must do better. We must eradicate some of the difficulties and obstacles for which none of us can properly be held exclusively responsible.

We have heard here at this Conference a number of economic complaints directed against the United States. I take no offense at that. This is the place where we should talk frankly as friends, and it is best that we should say what is on our minds. However, I ask you to believe that these matters are not as simple as they sometimes sound. The difficulties may seem relatively small, but they can establish precedents which would have vast scope and consequences.

The situation requires that we should not be self-righteous, either in defense or attack, but that we should go forward with good will, tolerance, and patience to find an understanding. When I mention patience, I am not referring to delay but to effort which in order to be successful must be careful and painstaking.

The United States is eager to see within this hemisphere people who everywhere share the health of a good economy in the form appropriate to their own society and their own ideals; who have the opportunity to engage usefully in congenial work of their own choosing; and to enjoy, with their families and their neighbors, in peace and tranquillity, the fruits of their labor.

The United States will not continue to be satisfied merely with good political relations in this hemisphere. We also want good economic relations. We shall seek them on a basis of mutual respect for the economic and social, as well as the political, beliefs of each other. That is the pledge I give you.

The members of the United States delegation who arrived 10 days ago have reported with enthusiasm the cordial reception they have received in this beautiful capital of our host country. Since arriving a few days ago, I have caught this same spirit.

We all look forward during the Conference to renewing old friendships as well as making new friends. It is our most sincere hope that, working jointly with you, we will be able to make some worthwhile contributions toward solving some of our mutual problems.

In his opening address last week,¹ Secretary Dulles mentioned the report of the Randall Commission with which you are all familiar. In the very near future—possibly while we are still here—our President will send to the Congress a message outlining his recommendations for a foreign economic policy in the light of that report. The Secretary also discussed the flow of capital and technical assistance, our position on the coffee situation, and the action our President has just taken on the wool tariff. I might add that on Monday our Government announced a reduction in countervailing duties on wool tops from 18 to 6 percent.² I am also pleased to refer to the heartening news of the progress made in several recommendations in the Eisenhower report.

The Secretary clarified certain questions about the future lending policy of the Export-Import Bank and mentioned the importance we place on the International Bank for Reconstruction and Development.

The statements which have been made in this Commission have been presented in a spirit of frankness and good will. This spirit we wish to reciprocate. Great care has gone into the preparation of your statements, and they deserve the serious consideration of all. In the committee meetings to follow, our delegates will sit down with you and discuss these and other important economic subjects in more detail.

The economic development of the entire hemisphere is of major interest to the United States. We are all partners in seeking common economic goals. These common purposes were perhaps most simply and clearly expressed in the economic charter of the Americas: "To live decently and work and exchange productively in peace and security." The economic growth of each of us strengthens and broadens the basis for stable democratic societies of free men. One of the best assurances of a workable inter-American system is the continued success of our efforts toward greater economic development.

The basic philosophy of the United States emphasizes individual freedom. Our economic be-

¹ BULLETIN of Mar. 15, 1954, p. 379.

² See Treasury Department press release of Mar 8.

liefs rest on confidence in what President Eisenhower recently called "the expansive power of individual enterprise." This is the revolutionary idea which, recognized or not, was so important in releasing human energies from the restraints of feudalism. The expansive power of individual enterprise again played a dramatic role when hemispheric trade came to flourish with the breaking of the bonds of colonialism. We reaffirm our faith in this constructive and expansive force.

The reaffirmation of these beliefs has led us to reexamine the proper role of government in modern society. Many of you have read the words of our President in his Economic Report to the Congress.³

May I quote from one section:

The Government can greatly help to maintain prosperity. But it is well to recall the accumulated experience of generations which has taught us that no Government can of itself create real and lasting prosperity. A thriving economy depends fundamentally on the enterprise of millions of individuals, acting in their own interests and in the interests of their families and communities.

The President then went on to say:

The best service that the Government can render our economy, besides helping to maintain stability and insuring a floor of protection for the population, is therefore to create an environment in which men are eager to make new jobs, to acquire new tools of production, to improve or scrap the old ones, design new products and develop new markets, increase efficiency all around, and thus be able and willing to pay higher wages and provide better working conditions. The Federal Government is fostering and will continue to foster this kind of environment.

We believe that the role of government in the economy is to nurture and promote individual effort and not to replace it. In carrying this principle into action, the United States Government is pledged to maintain fair and equitable conditions under which our business enterprises, large and small, and our workers can operate most efficiently.

The dignity and worth of each individual in our society is one of our most sacred values. My Government shares with the Governments of the other American countries the objective of making these values a living reality.

In your statements you have indicated an interest in the economic situation and outlook in the United States.

U. S. Economic Conditions

Our economy in 1953 achieved a gross national product of \$367 billion—the highest on record, and 5 percent larger than in 1952. Civilian employment averaged 61.9 million for the year. Unemployment, although increasing at the end of the year, averaged 1½ million, the lowest of all postwar years. Thus the economy had some

of the characteristics of a business boom. As we move into 1954, production is down about 10 percent from its highest point and there is some increase in unemployment, though not beyond a figure which in times past was considered normal. What we have been experiencing is a transition from a wartime economy to one more nearly adjusted to peace. We appear to be making that adjustment without disturbance.

Farm production in 1953 was high but prices fell for the second successive year. Lower agricultural exports added to our domestic farm problem.

In foreign trade, United States exports of non-military goods to all countries in 1953 were \$12.2 billion, about \$1 billion less than in 1952. At the same time that our exports declined, our total imports rose slightly to \$10.9 billion in 1953. Our exports to Latin America were about 15 percent less than in 1952, amounting to \$3.1 billion, while our imports were \$3.4 billion, about the same as in the previous year. Latin America thus continued to provide about one-third of our total imports, exceeding those from any other area in the world.

Our banking system, our insurance companies, and other financial institutions have operated conservatively and are in a strong position. The general price level has been stable. Plans of United States private business for new investment in plant and equipment, and projects of States and municipalities, indicate continued heavy expenditures for new capital investment.

These and other factors provide the basis for confidence in the economic outlook.

Your interest in the growth and stability of our country is equaled by our abiding interest in economic conditions in your countries. We fully recognize the problems facing various countries as their delegates have described them in these meetings. We are profoundly impressed, however, by the great progress which country after country has made toward the solution of these problems, each working with its problems in its own way.

Output in Latin America in the postwar period has increased by almost 5 percent annually. This is nothing short of spectacular. It exceeds the recent rate of growth in the United States. These gains have been based largely on the utilization of domestic resources. Your own people provided most of the capital, and their enterprise put the capital to work.

Foreign capital can hasten the development process. It will be attracted by conditions that promise fair treatment, stability, and a return which is interesting in relation to the returns elsewhere.

Tax and Treaty Matters

To provide incentives for an increased flow of private capital abroad, President Eisenhower has

³H. Doc. 289, 83d Cong., 2d sess. For excerpts, see BULLETIN of Feb. 15, 1954, p. 219.

proposed specific changes in the United States tax laws. Among these are proposals (1) to tax income from foreign subsidiaries, or foreign branches that operate and elect to be taxed as subsidiaries, at a rate 14 percentage points lower than the regular corporation rates and (2) to broaden the definition of foreign taxes which may be credited against the United States income tax. We feel that these recommendations, if enacted into law, will represent positive unilateral action by the United States Government to encourage foreign investment.

Bilaterally, there are further steps the United States is prepared to take. I refer to treaties for the alleviation of double taxation. These treaties are an integral part of the United States program to create a favorable tax climate for international trade and business. As of today, the United States is a party with foreign countries to 15 treaties relating to income taxes. Unfortunately, we have no treaty with any Latin American Republic. We trust that, in furtherance of their expressed desire for foreign private capital, the Latin American Republics will be receptive to our offer to meet and attempt to work out mutually equitable arrangements to clarify international tax relations and minimize double taxation.

The United States also continues to be interested in negotiating with other governments more general treaties which will define the terms under which private capital may enter and operate in foreign countries. Discussion on a bilateral basis looking toward the establishment of common rules for the treatment of foreign investments would be mutually advantageous.

We are ready to discuss these treaty matters in the appropriate committee.

You have made clear at this Conference your concern about the relative prices of primary products and manufactured goods in international trade and the instability of raw material prices. We agree on the importance of these problems. They are, however, highly technical subjects which are difficult to treat adequately in this statement. I feel these are matters for fuller discussion in the appropriate committee.

In the field of primary production we have problems in my own country. The United States has always been a major producer and exporter of agricultural products. Today we are confronted with large surpluses arising in part from the great efforts to relieve shortages of farm products resulting from the devastation and destruction of World War II. It is worth noting that one of the primary causes of these surpluses has been our attempt to maintain too rigid a relationship between the prices of farm products and other prices. One result has been to price our agricultural products out of many foreign markets.

It takes time to adjust our agricultural economy to the more normal demand which has now developed. Legislation has been recommended to

the Congress which, it is hoped, will hasten these adjustments. In the meantime, my Government is keeping its international responsibilities very much in mind in dealing with this problem. It is taking precautions to prevent, so far as possible, the disposal of our surpluses from interfering with normal marketings of friendly countries.

Our interest in the economic subjects under discussion at this Tenth Inter-American Conference is reflected in the fact that, in addition to the representatives of the Department of State, my Government is also represented by W. Randolph Burgess, Deputy to the Secretary of the Treasury; Samuel W. Anderson, Assistant Secretary of Commerce; our representative on the Inter-American Economic and Social Council, your longtime friend, Ambassador Merwin L. Bohan; Maj. Gen. Glenn E. Edgerton, Managing Director of the Export-Import Bank, together with members of their staffs. These gentlemen are here to participate in our committee discussions.

Many of our problems are not susceptible of easy or once-and-for-all solutions. This much can be said with assurance: Not only during this Conference but in the months and years to come there will be continuing and friendly consultations among us. We will constantly seek to develop with you constructive economic policies based on the mutuality of our interests.

It is for these reasons that we welcome and support the suggestion made here for a special Economic Conference. Possibly the extraordinary meeting of the Inter-American Economic and Social Council, planned for this year, would serve this purpose.

In friendship and with a feeling of common destiny, we shall strive to work out with you constructive solutions to our common problems.

Secretary Dulles Returns From Caracas Conference

Press release 133 dated March 14

Following is the text of a statement made by Secretary Dulles on March 14 on his return from the Tenth Inter-American Conference at Caracas, Venezuela:

I am very satisfied with the results so far obtained at the Inter-American Conference at Caracas. Yesterday, the [Politico-Juridical] Committee, with only the negative vote of Guatemala, made a momentous declaration of principle. In effect, it makes as the international policy of this hemisphere a portion of the Monroe Doctrine which has largely been forgotten and which relates to the extension to this hemisphere of the political system of despotic European powers.

Useful discussions have been going on with reference to economic and commercial matters,

and a better understanding will, I am confident, come out of the Conference.

We have had good results so far primarily because we were advocating a cause which was good, namely, the integrity and political and economic well-being of this hemisphere. Also, we have had a very fine delegation, and I want to pay tribute to the help that was rendered by Senator Hickenlooper, who returns with me, and Senator Green, who is returning on Monday. These two members of the Senate Foreign Relations Committee have dealt particularly with Latin American affairs, and their advice to me was of the utmost

value. Also, Ambassador Lodge, who returns with me, was able to make a significant contribution. His work with the United Nations gave him an intimate acquaintanceship with Latin American problems and with the leading personalities of Latin America.

The new Assistant Secretary for Inter-American Affairs, Mr. Holland, was sworn into his job in Caracas and is now carrying on as my deputy.

Many important problems remain to be dealt with, and I am particularly anxious that better understandings be reached in relation to economic and social matters of common concern.

America, Japan, and the Future of the Pacific

by Deputy Under Secretary Murphy¹

One hurdle I am sure will not be a problem this evening. I do not have to convince this group that the United States is involved in the future of the Pacific.

That the United States is a Pacific power is a fact just beginning to dawn upon some parts of this country. There are a few perhaps in other regions of our country who still have to be convinced.

The truth is that today the interests of the United States are worldwide. It is dangerous to think exclusively in terms of either the Atlantic or the Pacific. It is equally dangerous to neglect either. The future of both concerns the United States intimately.

The threat to both is the same. The ambitions of Soviet imperialism are universal. Its goal has always been world domination.

In the Pacific the Communists have three current objectives. They are (1) the manpower of China; (2) the industrial capacity of Japan; and (3) the resources of Southeast Asia. The first objective has been attained. The 450 millions of China today are laboring under the yoke. How long that situation will last may be a \$64 question—but today it is a fact. It is of course an unhappy fact for the free world as well as the

Chinese themselves. Communist control of the Chinese mainland has meant the death, we are told, to date, of 15 million Chinese, either through starvation or liquidation. To the Communists that was not a tragedy. Manpower, as they see it, is expendable.

Moscow Communists found Chinese manpower useful in Korea. They wanted Korea as a take-off for Japan. They were quite willing to die to the tune of a million or so North Korean and Chinese Communists to attain that objective. The Chinese Communist leaders cooperated. To them what were a million lives? "The innumerable black-haired people who grow rice," as someone once described the Chinese peasants.

While the Communist objective in Japan is also manpower, there emphasis is rather on the industrial skills of the people and Japan's productive plant.

Japan was the first of the Asian nations to industrialize. Today, 9 years after a war that devastated large areas, she is again producing. Production is now 50 percent more than it was in 1940. Her industrial capacity is estimated at 50 percent of that of the Soviet Union—this for a nation without material resources of its own, with 87 million people crowded into an area of only 147,690 square miles, considerably less than that of California.

We are proud that Japan has made an amazing recovery with American cooperation and support. It was in this city that the peace treaty with Japan

¹Address made before the World Affairs Council of Northern California and the American Legion of San Francisco, San Francisco, Calif., on Mar. 8 (press release 122 dated Mar. 9).

was signed in 1951. At that time Earl Warren, then Governor of California, said:

It has been my privilege during the past few weeks to visit Japan and I have returned convinced that, given the opportunity and sympathetic assistance, Japan is in a position to contribute mightily to the type of leadership which the cause of peace now needs so desperately.

Your Mayor, the Honorable Elmer E. Robinson, reminding the world that San Francisco had cradled the United Nations in its beginning, spoke of the work then "so nobly begun." "You are," he told the delegates, "met to advance that work . . . to expand the area of peace and to restore Japan to the community of sovereign nations dedicated to the common good of all mankind."

Basis of U. S. Policy

United States policy in Japan is based on the conviction that the Japanese "restored to the community of sovereign nations" can indeed advance the cause of peace in Asia. Today there is representative government in Japan. That government is composed of men with faith in ideals dedicated to the welfare of the people and to securing for their country a place of dignity and honor in the free world and a voice in the affairs of men.

Japanese skills in the arts of the 20th century can serve as a model for all Asia. The products of those skills are needed by her fellow Asians, but even more she can be of value as an exporter of the industrial revolution, of its science, its technology, its skills, its know-how—to use a much overworked term.

The Communists, of course, see Japan in their usual perverted light. They, too, would use her, but for their own selfish purposes. To serve those purposes they are exerting every effort to turn her against the United States and the free world.

Communist propaganda in Japan follows the usual pattern. They play upon reviving nationalism. They have launched a campaign of misrepresentation and hate of the United States of America. They exploit Japan's ancient and traditional distrust of foreigners. They attack and try to discredit pro-U. S. A. statesmen.

Outside of Japan, the Communists foster anti-Japanese feeling left over from the war. They are very busy in the Philippines, Indonesia, Burma, Malaya, and elsewhere where memory of the Japanese occupation is still fresh.

In the United States itself they have not been idle. We are reminded of Pearl Harbor, of Bataan, of Japanese abuse of war prisoners. Wherever there is a bitter memory—and there are many—the Communists work to keep old wounds smarting, old hatreds alive.

And truly, to quote again Chief Justice Warren, "Never before in history have victors been so magnanimous with the vanquished—never before in history have the conquered been so encouraged to regain their normal status of dignity and self-esteem."

In Europe it is often said that the Americans could forgive because they had not, personally, suffered so deeply. Whatever may be said about that in Asia is certainly not true. We do, indeed, have much to forgive. That we have forgiven will, I am confident, stand forever to our credit.

Our hopes for Japan are based fundamentally on our belief and faith in human beings. It is part and parcel of our basic philosophy. It isn't a question of benevolence. It is rather a matter of faith. In the occupation we worked, to be sure, with the Japanese leaders. But we reached beyond them to the people. Our aim was to give the individual Japanese—men and women, farmer and industrial worker, artisan and professional man—a stake in freedom.

We believe we have done that. And our foreign policy toward Japan is based on that belief.

There is, of course, so much yet to be done. The Japanese economy should be made independent. It is today dependent, in large part, upon the United States. We have, in fact, since the end of hostilities invested billions of dollars in Japanese recovery, but our Japanese friends want to be independent and to see their country stand on its own feet.

To a country lacking in natural resources the answer is trade. Japan's industrial output must fill the gap.

Trade with Communist China is not exclusively the answer. Today Japan's controls on trade with China are more stringent than those of some other major trading countries. The United States and Canada of course have complete embargoes. But even in 1934-1935 when there were no restrictions, trade with China was only 10 percent of the total exports. Consequently, a relaxation of present controls would hardly solve Japan's economic problems.

Japan needs dollars so that she may buy in the United States. She wants to earn these dollars. She can do so only by selling her goods to us.

I am not unaware of the problems involved in this question. But the answer does not lie in shutting our doors to Japanese goods. Perhaps no decision the United States makes in 1954 will be more crucial than those we make with respect to imports. To Japan, they will be all-important.

Japan would like to trade with Southeast Asia, the source of many of her raw materials. It is to the interest of the United States to encourage that trade although it may put Japanese producers in competition with those of the United States as well as with other nations of the free world.

It is my conviction, however, that the area offers room for all of us. The Far East, as a whole, contains about a third of the world's population. That is nearly a billion people. Their needs are great. No one country alone could hope to fill them. By all means let them open their doors to Japan. It means economic health for that country and added security to the free world.

The resources of Southeast Asia, as I have said, are the third objective of the Communists in Asia. And just as they saw Korea as the gateway to Japan, they see Indochina as the gateway to the southeast.

Stopping the Communists in Indochina has been the responsibility of France and the Vietnamese. It has been a costly operation for both. Our aid has been supplemental. We are not a belligerent and we do not call the shots.

Capitalizing on Nationalism

In Indochina, as elsewhere in Asia, the Communists have tried to identify themselves with the nationalist movement. It has been, in Viet-Nam, their strongest weapon. The truth is, of course, that Ho Chi-Minh is a 100 percent Marxist. The independence he promises would be a mockery. His victory would add Indochina to the unhappy list of Communist satellites.

Actually the Vietnamese Government, like the Governments of the other two Associated States, Cambodia and Laos, has been moving steadily toward independence. Increasingly the nationalist regimes of the three states have been challenging the false claims of the Communists. As they grow in political stature a new spirit will pervade the area, backed by the national armies now developing under the competent leadership of General Navarre, Commander of the French Union Forces.

In Indochina, as elsewhere in Asia, our objective is the creation of strength on the side of the nationalist forces and real freedom for the people. We are contributing, when such aid is requested, toward that strength. We have had a military mission in Indochina since 1950 and have contributed substantially to the military programs.

Elsewhere in the area we are also aiding anti-Communist forces. We have agreed to aid Pakistan in the buildup of its military force. Similar aid has been offered India.

As you know, since 1951 we have had treaties of mutual defense with Australia and New Zealand. A similar treaty with the Philippines was signed in August of 1951. A third, with Japan, was agreed upon in September 1951. We have one in Korea.

Secretary Dulles, in his speech to the Nation on February 24,² reported on the United States position and accomplishments at the Four-Power Conference which had just concluded in Berlin. In discussing the agreement in Berlin to hold a subsequent meeting at Geneva to which a number of other participants, including Communist China, would be invited, he made clear what the position of Communist China would be, saying:

Under [the Berlin] resolution the Communist regime will not come to Geneva to be honored by us, but rather to account before the bar of world opinion.

² BULLETIN of Mar. 8, 1954, p. 343.

The conference at Geneva is, in fact, the Korean Political Conference which we had been trying to get at Panmunjom. We already had been talking to the Chinese Communists at Panmunjom as the malevolent force that had brutally attacked an outpost of the free world. That is the only role in which they will appear at Geneva. They cannot inflate it with the wind of their propaganda.

Moreover, the Soviet Union appears as no neutral. Its role in organizing, directing, and supplying the aggression against the Republic of Korea is too well known. At Geneva the Soviet Union, their North Korean creation, and Communist China—the forces responsible for the aggression in Korea—will be represented on one side; on the other side will be those who halted the aggression—the Republic of Korea and the nations who contributed forces to the United Nations Command.

Thus, at Geneva the free world side will be calling the Communist side to account and demanding that they make clear their future intentions. The Soviet Union and Communist China both were involved from beginning to end of the war in Korea.

It also was agreed at Berlin that the problem of restoring peace in Indochina would be discussed in the conference at Geneva. Here again it is the Communists who are being called to account before the bar of world opinion. The Communist Viet Minh regime is fully attached to the world Communist movement under Moscow's direction. The reality of this situation makes it obvious that the discussions on both Korea and Indochina at Geneva will be essentially a conference between the side of Communist aggression and the side of freedom.

Anti-Communist states of Asia are themselves considering a mutual defense pact. We would encourage such action by the Pacific community and would cooperate with such an association.

Scope of Technical Assistance Programs

The military aid we are giving our friends of Asia and the Middle East is a necessity. However, as a nation we have never put our sole confidence in "reeking tube and iron shard." Our programs of technical assistance are carrying to nation after nation the skills and experience developed over the centuries on our own soil. United States technicians are now in 38 underdeveloped countries demonstrating American good will and assisting the peoples of these countries in economic and social progress.

For example: Sixteen United States technicians have cooperated with the Government of Indonesia in a program which has given 2 million people protection against malaria.

In Iran, United States technicians have been working with the Iranian Ministry of Health, the United Nations World Health Organization, and the University of Tehran in a malaria control

program which has sprayed 12,659 villages to the benefit of more than 4 million people. The program has reduced the disease in some areas from around 90 percent to 20 percent and to 10 percent in others.

In another program in Iran a cooperative United States-Iranian farm project has carried modern agricultural methods to 20,711 farmers in 800 villages. Two hundred and fifty-five Iranian extension agents are being trained.

A rice production program in Borneo is rehabilitating 370,650 acres of old rice fields. Rice production in Bastar, India, has been increased from 400 to 1,200 pounds per acre through the work of Indian and United States farm experts. Working in cooperation with the Government of India, 33 United States technicians are helping train Indian village workers.

United States technicians have advised and assisted the Government of Jordan in the first census taken in the area since Bible times. We are helping the Government of Saudi Arabia to revamp its monetary system. We are advising on water development projects in Saudi Arabia, Iran, Jordan, India, and Pakistan.

The United States, through the Foreign Operations Administration, is providing technicians to the Afghan Government in the Helmand Valley Development Project. The project involves an area of nearly a million acres. Eventually it will provide permanent homes and a livelihood for a large number of Afghanistan's nomadic population.

The technical assistance programs are building a genuine partnership between underdeveloped nations and the United States from which both will benefit. We do not place our reliance solely on arms and armaments. The United States has peculiar qualifications which not only permit but compel us to take leadership in the field of technical assistance. We were ourselves once a colonial power winning our independence by revolution. We have no territorial ambitions. We alone of the major countries of the free world combine recent experience in self-development as an underdeveloped country with experience in the use of modern techniques of production and distribution, education and health, to say nothing of our interest in the culture of other peoples.

We Americans know that the billion and more peoples of the Far East are the largest potential reservoir of consumer needs in the world. As they become more prosperous they will need more and more consumer goods. To a country committed to expanding production that is an opportunity we wish to develop.

For us, helping them realize their potential is an opportunity and an obligation. Certainly the blessings we as a nation have enjoyed entail certain responsibilities—moral responsibilities.

That we will benefit materially from the fair discharge of those responsibilities is beside the

point. Personally I would consider our technical assistance programs justified in any case. That we will also profit otherwise is serendipity, to use the word coined by Walpole. To translate Walpole—serendipity means unexpected benefits picked up when in search of something entirely different.

The major present threat to the realization of our objectives is the imperialist ambition of Russia. That ambition is not new. It was old when Ivan the Terrible reigned. That the heart of the struggle would be Asia was long ago anticipated.

A hundred years ago, Commodore Perry predicted that the struggle between Russia and the West would be decided in Asia. He urged then fortification of the very islands of the Pacific that we fortified in World War II and which we now hold. Today the United States and Asia face the danger of which Perry warned us.

While we have been slow to heed the Commodore's warning, now we certainly recognize the accuracy of his forecast. In the Pacific we are dealing with a region as vital to us as it is vital to the free world. If the issue, as Perry predicted, is to be joined there, we must take every step to make certain that it is resolved in our favor.

Belgian Action on EDC

Press release 131 dated March 13

Secretary Dulles on March 12 sent the following message to Belgian Foreign Minister Paul Van Zeeland through Ambassador Frederick M. Alger at Brussels:

I am very happy to learn of the action of the Belgian Senate in ratifying the treaty establishing the European Defense Community. This action, following the vote of the Chamber last November 26, completes Belgian parliamentary action on this important matter and is another manifestation of the positive role your Nation has exercised in the political, economic, and military integration of Europe. Your personal devotion and that of your colleagues in the Belgian Government to the cause of assuring permanent peace and security for the free world has again been demonstrated.

EDC Protocol to North Atlantic Treaty

Press release 120 dated March 8

The following remarks were made by Acting Secretary Smith upon the deposit by Dr. J. H. van Roijen, Ambassador of the Netherlands, of the Netherlands instrument of ratification of the EDC protocol to the North Atlantic Treaty:

Mr. Ambassador, it gives me very great pleasure to accept as the representative of the depositary

government the Netherlands instrument of ratification of the Protocol to the North Atlantic Treaty. By this Protocol the guaranties of the North Atlantic Treaty are extended to the members of the European Defense Community.¹

The Netherlands, which on February 25, 1954, became the first country to deposit its instrument of ratification of the EDC, now also becomes the

first EDC country to deposit ratification of the Protocol to the North Atlantic Treaty.

The Netherlands Government can be justifiably proud of the initiative and leadership that they have demonstrated in working toward the achievement of a European Defense Community.

And I am proud that your Government has taken this action and I congratulate you.

The Foundations of American Attitudes

by *H. Freeman Matthews*
*Ambassador to the Netherlands*²

It is a great privilege for me to be with you tonight and to have the opportunity of telling you some of my thoughts about American foreign policy. There is one particular aspect of that policy upon which I should like to concentrate. It is a very important aspect and one which I believe deserves more attention than is usually given to it. That is the attitude of the United States toward its friends and allies.

Last December, our Secretary of State, John Foster Dulles, replying to some American critics of American foreign policy, made the following statement:

It is the clear and firm purpose of this Administration to treat other free nations as sovereign equals, whether they be large or small, strong or weak.

Today it is to our interest to assist certain countries. But that does not give us the right to try to take them over, to dictate their trade policies, and to make them our satellites.

Indeed, we do not want weak or subservient allies. Our friends and allies are dependable just because they are unwilling to be anyone's satellites. They will freely sacrifice much in a common effort. But they will be no more subservient to the United States than they will be subservient to Soviet Russia.

Let us be thankful that they are that way and that there still survives so much rugged determination to be free. If that were not so, we would be isolated in the world and in mortal peril.³

Mr. Dulles clearly and vigorously expressed in these sentences a cardinal tenet of American foreign policy. The United States seeks no other course, will pursue no other course, than that of

friendly and understanding cooperation in its relations with other free nations.

It is true that only recently in our history has the necessity for international cooperation appeared to us to be really essential. Only recently have the American people become so aware of what I shall call the "global" responsibilities of the United States.

In the early history of my country during our struggle for freedom there was a watchword: "United we stand, divided we fall." The American people, having witnessed the turbulent and tragic history of our century, recognize that this 18th century cry has equal validity in the present troubled state of the world. As a consequence, wholehearted cooperation with other free nations has become a cornerstone of American foreign policy, a principle supported by both political parties in the United States, Republican and Democratic. As President Eisenhower has said: ". . . unity among free nations is our only hope for survival in the face of the worldwide Soviet conspiracy backed by the weight of Soviet military power. This struggle dominates all other considerations of our times. The issue, freedom versus communism, is a life and death matter. To my mind it is the struggle of the ages."³ So spoke our President.

You will say, and rightly, that Americans have not always shown their belief in the interrelationship and interdependence of nations. Our critics make much of historical isolationism in the United States. But this isolationism accorded with the needs of the time and our capacities in the first century of our independent existence. The Thirteen Colonies which joined to form the United States were weak and, in those days, far removed from the centers of world power. They were

¹ For text of the Protocol, which was signed at Paris on May 27, 1952, see BULLETIN of June 9, 1952, p. 896.

² Address made before the Netherlands Association for International Affairs at The Hague, Netherlands, on Feb. 24.

³ BULLETIN of Dec. 14, 1953, p. 811.

struggling to establish the basis of our Union, and that struggle with its intercolony rivalries, jealousies and purely local tenacity to retain cherished prerogatives had much in common with your own history of the stirring time of William the Silent. The energies of our new Nation were devoted to consolidating the principles which brought it into being. Throughout the 19th century the young Republic was occupied with the opening of a vast continent, expansion westward, development of natural resources and adjustment to the many changes of our industrial era. But during this period it would be unjust to say we abdicated our responsibilities as a member of the international community or that we sheltered behind a Chinese wall of isolation. We did not keep traders from across the seas confined to a tiny mud island as happened to that hardy handful of merchants from your country in their patient, successful siege to keep open commerce with Japan for over 200 years, from 1641 to 1858. Indeed we drew from Europe in those years thousands who aided and shared in our growth as a nation.

Growth and Responsibility

During the First World War the United States had become sufficiently strong, sufficiently sure of itself, to share the responsibilities of membership in a rapidly changing world order. Obviously, however, a change in the thinking of a democratic nation cannot be accomplished overnight. After that war, carried along by the nostalgic upsurge of the popular demand "to return to normalcy"—as the slogan went—opponents of the League of Nations were able to prevent our membership in it. But realization and recognition of our multilateral interests gradually dawned on our consciousness during the next decade. When the Nazis began their tragic and devastating onslaught the American people had no doubt where its interests lay or of the direction its Government must take. The human desire to avoid involvement in a bloody and distant struggle slowly gave way to the knowledge that all that we cherished was at stake, and Pearl Harbor crystallized our united stand to make war till victory was complete. The history of that period and of our efforts jointly with our Allies to establish that great institution, the United Nations, is familiar to you all.

Basic to an understanding of why we believe that mutual respect and confidence between nations is so vital, is an understanding of the American character. A vivid description of an American was written in 1782 by that keen observer of American life, Hector St. John Crèvecoeur. Let me read it:

What then is the American, this new man? He is either an European, or the descendant of an European, hence that strange mixture of blood, which you find in no other country. . . . I could point out to you a family whose grandfather was an Englishman, whose wife

was Dutch, whose son married a French woman and whose present four sons have now four wives of different nations. *He* is an American, who, leaving behind him all his ancient prejudices and manners, receives new ones from the new mode of life he has embraced, the new government he obeys, and the new rank he holds. . . .

Thus, by reason of our diverse origins, as early as 1782 a distinctive American character was being formed. It is well to recall in this connection the prominent part that religion and things of the spirit have played in the formation of our national character and our Nation. With few exceptions the original Thirteen Colonies were founded by individuals seeking freedom of worship. To my knowledge no other country has had such a basic spiritual compulsion for its foundation. To this religious influence was added the stirring precepts of 18th century enlightenment—the concept of the free individual, the inherent dignity of man—as a basis for our society and government. These two influences are as fundamental to the American character today as they were in 1776. They account, I think, in no small measure, for the "idealism" which has been characteristic of our country. We do believe that the world can be made better; we do believe that the God-given rights of freedom, justice, and equality of opportunity are truths against which the actions of a nation must be judged.

This moral and idealistic approach to our own problems has direct bearing and influence upon our relations with other governments. Though sometimes our motivations are blurred by what must seem to Europeans as excessive impatience, naïveté, or disregard for history, and while our actions sometimes may appear overly moralistic, they are usually based to a greater or lesser degree on our beliefs in the spiritual character and dignity of the human being and his relationship to the State. It is, therefore, a logical outgrowth of our whole philosophy of life to recognize the hopes and desires, the rights and voices of other nations when we embark on any great venture. Today we have embarked on the greatest venture of our history—the world struggle to maintain freedom.

We are fortunate in having firm friends, you among them, who share those beliefs.

U. S. Cooperation With Free Nations

It is an interesting paradox that by its actions the Soviet regime has strengthened the moral and spiritual ties we have with other countries. Those actions have brought us closer to other nations, who, with ourselves, cannot, could never, agree with the main tenets of communism or the ruthless methods of their enforcement.

From earliest Czarist times, Russia has been remote and difficult of access. The vast gap in mutual understanding which unfortunately has existed between Russia and the West—stemming as it does from differences in race, environment,

geography, and other factors which make it almost unbridgeable at best—has been made wider by the deliberate use of distortion and the “big lie” as a major tactical weapon by the Kremlin. Words which we accept as truthful expressions of a nation’s policy lose their meaning in Moscow and actions have no relation to words. In my 30 odd years in this profession, I have always believed that the most effective diplomacy, as well as the most honorable, is to say exactly what you mean; to lay your cards face up on the table. That is precisely what my Government does. The late Marshal Stalin, whom I met at several conferences, however, had different ideas. “A diplomat’s word,” he once said, “must have no relation to actions, otherwise what kind of diplomacy is it? Words are one thing, actions another. Good words are masks for concealment of bad deeds. Sincere diplomacy is no more possible than dry water or wooden iron.”

We abhor such concepts. They are as foreign to our philosophy and to our way of life as the vast steppes which nourished them.

The American character and the nature of Soviet aggression were, in my opinion, dominant factors leading toward our cooperation with other nations. This cooperation, it is true, was not immediate. We did withdraw our forces from abroad immediately after the last war. War weary, and hoping for the best, we wished to resume the ways of peace and to have our men back home. But the situation in Europe was desperate, as I am sure everyone in this audience knows. It was imperative, as the American people realized, for the United States to assume a position, however reluctantly, of leadership among the nations.

We need time to grow accustomed to this leadership and to our responsibilities. The Great Powers of Europe, the Dutch, the British, the French, the Spanish, had many years in which to evolve their roles of leading the world and to habituate themselves to their international responsibilities of the period. The tempo of the times was infinitely slower; events developed in leisurely fashion. Policy was formed by the few and accepted by the many. It is quite different now when pressure is constant and the speed of events fantastically swift. What is said or done in Washington, London, Moscow, or Tokyo is known in minutes by millions around the world. The impact, for better or for worse, of the marvels of today’s telecommunications has revolutionized the whole field of human psychological relationships. This, and the staggering complexities of life in the modern world have rendered vastly more difficult our quick transition and acclimation to a role of leadership. And quite frankly it seems to me we have made good progress.

But we have also had our frustrations: the Korean War was confusing to many Americans. We looked back with longing to the good old days when whatever happened beyond the shores of

our continent, however grave for others, need hardly spoil the flavor of our breakfast eggs and coffee. We were, at first, not sufficiently aware of Korea’s implications, of the reasons why we had to act as we did; and the fighting dragged on interminably. The great question was “Why don’t we finish it”? But it became apparent to civilian and soldier alike that we fought for a definite and vital objective—to prevent the creeping enslavement of our world and the annihilation of our way of life. We fought in Korea, as did you, in order not to fight some day in Kansas City or again in Arnhem.

So, fundamentally and basically the American people have given wholehearted support to the very practical theory that they must live and work together in concert with other nations of a similar mind. In so doing they have, I think, resisted to an unusual degree the very natural temptation of trying to make their own ideas predominate. They realize that each nation from its culture, tradition, and history can and does contribute its ideas and its strength to keeping the free world free.

Postwar Participation in Free World Effort

You know well of our cooperation during World War II. Let me mention briefly some of the major steps we have taken to cooperate with others since the war: our participation in the United Nations, in the valiant resistance of Greece to Communist invasion and in support of our Turkish ally, in the Marshall plan, in the North Atlantic Treaty, in the Korean struggle, in the challenging point 4 program, our support of the European Defense Community, and finally our President’s recent proposals for the peaceful use of atomic energy.

First, we joined with other countries in the establishment of the United Nations, the formation of which was a truly great historical event. Despite all the disappointments since the San Francisco conference, we should continue to bear in mind that the United Nations represents a sincere and honest attempt to join the nations of the world together for the supreme objective of keeping the peace. If public expectations of its early powers of persuasion were unfortunately exaggerated, it has nonetheless proved to be the most useful forum of our postwar era in which the forces of public opinion can best be brought to bear on the many problems of our day.

In the economic sphere we have cooperated and will continue to cooperate with our allies. The Marshall plan is so familiar to you all that it requires no emphasis on my part. Suffice it to say that the money expended has borne good fruit. Especially, is that true in this country. I like to think that by this assistance we have repaid the loan you made in 1782 to John Adams, who, by appointment from the Continental Congress, was

the first American Minister to the Netherlands. It is amusing to recall that, in 1792, instructions were given John Adams' son, John Quincy Adams, my distinguished predecessor, who spent some of his student days at the University of Leiden, that his principal duties at The Hague would be to "borrow money and superintend the loan already existing."

The next important step after the Marshall plan was our participation in the North Atlantic Treaty. Joining NATO was for the United States a revolutionary step. For the first time in our history we pledged ourselves to give of our blood and of our wealth, not at our own will and timing, but whenever any member nation should be attacked. Make no mistake, we shall stand by that pledge. In evidence thereof is the fact that to date we have expended one thousand million dollars in equipping the armed forces of your country alone. It is my firm conviction that our men will not be withdrawn, our material aid will not end so long as they are needed.

Within the framework of the United Nations, specifically article 51, the North Atlantic Treaty Organization has become a vital instrument for collective security. The voice of each member is heard; the nations work together in harmony and for all-important purposes—to keep the peace and to insure the continued strength of the area the treaty embraces. Quite apart from its character as an organization for our common defense, however, it is a body through which the member states can further their collective well-being. This was made plain by the declaration of the members of the North Atlantic Council following their meeting in Lisbon in February of 1952.⁴ It said:

The partnership between the nations of the North Atlantic Treaty is not for defense alone but of enduring progress. The members of the Council look forward to the time when the main energies of their association can be less concentrated on defense and more fully devoted to cooperation in other fields, for the well-being of their peoples and for the advancement of human progress.

To be sure, at the present time, the defensive aspects of NATO are of primary concern to us, and pertinent to these defensive aspects is Lenin's so-called "Tidal Theory of Revolution," so basic to all Kremlin policies. I consider an understanding of Lenin's theory of utmost importance to us all. Let me briefly remind you what it means: Lenin reasoned that any process which is not completely planned has its ups and downs. Since history is not a completely planned process, the revolutionary movement of Bolshevism (a part of history) necessarily has an ebb and flow. It follows that one should always ride with the tide and should push one's future to the limit when the tide is in flood. An ebb is bound to come, however, and when it comes, one should again ride with the tide. Then it behooves the Communist Party to lie low, said Lenin. Take one step back-

⁴ *Ibid.*, Mar. 10, 1952, p. 368.

ward in order to take two steps forward at a later date. Parenthetically I might add that, of all people in the world, you Dutch are most aware of the importance of dikes when the tide is in flood.

In Europe, with NATO as our major instrument, we, together with our allies, have, I think, brought the tide to a stand and we must keep it there. At the same time we must seize every opportunity by peaceful means, and I stress the word peaceful, to induce it to recede.

The Soviet regime concedes only what is forced upon it by strength but our strength can be effective only if we are really prepared to use it. In Korea, the free world showed its preparedness to stand together. While I would not say that the tide has been halted throughout Asia it has been checked in Korea and it has been retarded elsewhere. And had we not acted in Korea as we did, the creeping enslavement of which I spoke would surely have paralyzed the world. The Kremlin took a calculated risk and lost. It would, in my view, never have set in motion the invasion of South Korea had it believed we would react as we did.

Next, we have thrown our full support behind the efforts of Western Europe to increase its strength through the European Defense Community. Important in this support is our belief that although the Soviet Union in action is highly opportunist, its method is consistent: it is the method of trial and error. The less we in the West seem ready to meet aggression, the more the Soviet will probe our solidarity, our strength of purpose, and our will to oppose its predatory moves. You in the Netherlands understand, of course, as fully as do we the importance of the European Defense Community and have demonstrated that fact by ratifying the treaty at the timely moment just before Berlin.

The last evidence of cooperation which I shall mention tonight is that of the peaceful use of atomic power. The President's speech before the General Assembly of the United Nations on December 8 was of great significance; its importance has been recognized. Here we have a concrete proposal for sharing the knowledge of the world's scientists for the abundant welfare of all nations. This tremendous scientific development can become the greatest force for good or the greatest force for evil in the world's history. It must be for the good.

Berlin Conference

May I now touch on a recent political development of great importance to us all. At the Berlin conference, which has just closed, the Western Powers sought in good faith to do their utmost to bridge the differences between East and West. Unfortunately the Soviet attitude deprived their efforts of success. The Conference itself, however, has been important. It has proved con-

clusively that the free world will stand together in spite of Soviet efforts to substitute words for deeds in its major objective to destroy the Western unity which is our strength. Stalin himself, in 1929, said "It is not for nothing that the proverb says 'an obliging bear is more dangerous than an enemy.'" The bear has been obliging, but he tempted no one and he gave up none of his prey.

Gogol in his masterpiece "Dead Souls" long before Lenin or Stalin appeared on the horizon seemingly forecast the Soviet attitude at the Berlin conference. His advice, which Mr. Molotov so ably and enthusiastically followed, comes from that wonderful character of Chichikov. Chichikov said:

Remain calm, let nothing embarrass you, however bad things may get. Never despair of anything: there is no case that can't be saved. . . . If you see that things are approaching decision, don't try to justify and defend yourself; no, just mix things up by bringing in new elements. Mix things up, and mix them up again, that's all. Introduce extraneous factors so that others get involved as well as yourself. Why you can muddy the waters, if you want, so that no one will ever be able to make head or tail of them. And after all, your opponent only catches crayfish in muddy waters.

A ray of hope resulted from the Conference, however, the agreement to hold talks in Geneva in April on Korea and Indochina. And on its terms of reference the West stood fast. Mr. Molotov's "concession"—as it is made to appear—on this point I believe is largely designed further to delay France's great parliamentary decision on the ratification of the European Defense Community. But, whatever the outcome at Geneva, the Western three have remained firmly united on the questions of Germany, Austria and the Far East, and are closer than ever before in their common point of view.

What lessons can we learn from Berlin? I think it is quite clear that we must continue our efforts to strengthen the free world. We must do so in the knowledge that Mr. Molotov and his associates for reasons made abundantly clear will not permit the unification of Germany in freedom or the removal of occupation forces from Austria. The urgent necessity for the ratification of the European Defense Community Treaty by the nations concerned is now all too obvious. The prevention of its entry into force was one of Russia's principal objectives. The alternative sought by Mr. Molotov is the abandonment of Western defense while the great Eurasian power retains its full and threatening strength.

The outrageous denial of an Austrian settlement proves clearly to me what wishful thinking has sometimes obscured, namely, that the Soviet leaders fear anything they do not control by force. It is certainly not fear of Austrian military might; Austria pledged itself to neutrality. It is the fear of an idea, the idea of freedom. The Western

proposals for Germany, based as they were on principles of free choice, were unacceptable to Russia for the very same reason. The Soviet leaders have, indeed, denied hope *for the present* to the peoples of Germany and Austria. They have shown they fear above all to relax their severe but uneasy grip on the areas their police power now dominates. They fear the consequences of a withdrawal once initiated. They are thus faced with a terrible dilemma. They have today, I believe, a baffling conflict of interest: on the one hand is their internal need to bring about a relaxation of world tensions; on the other hand, they have grave forebodings lest the very tangible acts required to produce this relaxation may well set in motion such irresistible centrifugal forces in their part-slave empire as to render precarious their own position of internal power. Turning their backs on the Atlantic Charter to which we all subscribed and which called for "freedom from fear," they have forced a great part of the world to suffer the anguish of their state of mind: "the fear of freedom."

In this connection, I believe, Secretary Dulles' final remarks at the Conference bear repeating.⁵ He said:

This is not the time or the place to discuss philosophies of creeds. It is, however, important to observe that all of our basic differences here have revolved around the question of whether it was right, or indeed safe, to give men and nations a genuine freedom of choice.

The Western Powers were willing to place trust in the German and Austrian peoples. The Soviet Union was not.

The Soviet delegation, in multiple ways, has made manifest its fear of freedom and its determination, through its occupation forces and its control of election processes, to try to make certain that freedom cannot be exercised in a way which might be prejudicial to it.

Clearly the Kremlin did not want the Berlin conference to result in any major agreements. Clearly European security means to the Soviet Union destroying the security of our world and strengthening the Kremlin's hold on its satellite states—and in fact placing itself in position to dictate to the whole of Europe. To the West, European security means building peace through cooperation of the nations.

As I said at the beginning of these thoughts I have brought you tonight, it is in that spirit of free cooperation, I am confident, the nations of the free world will go forward. It is that spirit which motivated Mr. Dulles when he said:

The three Western Ministers, each acting freely for his sovereign and independent nation, have found agreement on every aspect of our work. Thus we have exemplified a society of consent. If, in that spirit, our nations go on with others of like mind, to build the strength of freedom, then we shall win, everywhere, respect. It will be shared by all who look to us for leadership, for we shall be guarding and serving their freedom, with our own.⁶

⁵ *Ibid.*, Mar. 1, 1954, p. 317.

Greece and Free World Defense

by *Henry A. Byroade*

*Assistant Secretary of State for Near Eastern, South Asian and African Affairs*¹

As you know from my introduction, my responsibilities in the Department of State involve the relations between the United States and the Middle East, Africa, and South Asia. This huge area is of utmost importance in the free-world struggle with Soviet imperialism.

For your part, you are men of business brought together in this organization by a specific interest in Greece. Since this good friend and ally of the United States falls within the area of my concern, and since the Greek people have been in the vanguard of the defenders of freedom, I feel justified in assuming that we start with many interests in common.

Anyone who has had close connection with international affairs and with the conduct of foreign policy realizes that the formal dealings between governments are by no means the beginning and the end of international relations. Intergovernmental exchanges are the surface and the framework. The body of international relations, however, is made up of private contacts and dealings which one people has with another. Clearly, it means little if understandings are reached at official levels which do not penetrate the private activities which go on between the peoples concerned.

It is obvious that United States policies evolved in Washington cannot be fully realized unless private organizations such as the Hellenic-American Chamber of Commerce, to cite one of many, are ready and willing to help us give it substance.

Consequently, in talking with you, I speak as one partner to another. I hope that you will consider my talk from that point of view.

Greek-American Relations

My remarks tonight are not primarily concerned with American-Greek relations or with American

policy toward Greece. One reason is that the relations between the two countries have remained on the friendliest basis since the emergence of Greece as a modern nation in the early 19th century. Another reason is that American policy toward Greece, particularly since the dark days of World War II, has been so clear that it needs no restatement. This country has extended and is continuing to extend direct military as well as defense support aid to Greece. The gallant Greek people have come through the last decade and a half of strife and disaster with colors flying. In World War II they fought magnificently against overwhelming odds. Although defeated in the field by immensely superior forces, and subjected to a ruthless and oppressive occupation, they refused to submit to tyranny. They continued to resist. When the tyrant was finally defeated, the war-weary but undaunted Greek people set about clearing away the wreckage left by the fighting, and restoring both their economic and political structure.

From the moment of setting out on this path of return, the Greek people and Government were harassed and impeded by a Communist conspiracy, fomented from beyond Greek borders, to turn Greece into a Communist satellite state. In an effort to overthrow the established Greek Government, the Communist guerrillas launched a campaign of terror which threatened the very existence of the nation and which developed into a full-scale war. After 3 bitter years, the Greek Army decisively defeated these foreign-inspired guerrillas, and gave international communism one of its most serious setbacks at a moment when the free world was badly disorganized. Throughout this period of trial, the United States was able to offer effective help. Military assistance from America was a factor in the suppression of the guerrillas. Economic aid helped Greece reconstruct its economy, and technical assistance of various kinds contributed to essential improvements in health and sanitation and lifted levels of production.

¹ Address made before the Hellenic-American Chamber of Commerce, New York, N. Y., on Mar. 5 (press release 113).

When the misery and devastation which prevailed in 1946 is considered, and when we think of the hardships suffered during World War II, as well as after, and when we recognize that the Greek people fought and defeated large armed guerrilla bands, only then is it possible to put into true perspective the nation's tremendous achievements. Certainly the aid provided by the United States was a vital factor. But the indispensable elements were the drive, the courage, and the vitality of the Greek people and their determination to be free.

I pay them a full measure of tribute.

At the present time the Soviets and their European satellites have adopted a calculated strategy of attempting to confuse the Greek people by assuming a mask of loving-kindness.

But Greece knows full well that Soviet imperialism respects only those who have the will and the means to resist aggression. Accordingly, she has allocated to her defense the maximum resources consistent with the maintenance of a balance between security requirements and the requirements of a stable economy.

The balance between security requirements and the requirements for a continuously rising standard of living is always delicate, never static. We recognize, as does the Greek Government, that an effective solution of the problem of security must be one which can endure for a long period of time. We recognize and sympathize with the Greek people's desire to expand their economy as well as to provide for their security. The United States has assisted and will continue to assist in this effort.

In other words, as between ourselves and the Greeks, there is a true and effective cooperation in matters of defense. The Greeks, for their part, have made a brilliant effort to achieve a satisfactory defense against aggression. The United States, for its part, has provided materiel and equipment for the Greek military establishment. It has also continued financial assistance to the Greek economy both in terms of dollars and in terms of drachmae support to the Greek defense budget.

The Greek effort has added significantly not only to her own national security—but also to the security of the NATO area as a whole.

I had the pleasure at the airport in Washington this morning of welcoming Mr. Kannellopoulos, the Greek Minister of Defense, to the United States. His visit provides another opportunity to exchange views on these vital issues which are continuously under review by our Governments. We welcome his visit.

Soviet Policy and the Free World

In addition to ties of cooperation between Greece and the United States, our two nations are bound together by the fact that we both face a

problem, a menace, which confronts the entire free world, and one upon which our survival may turn. I refer to the threat of Soviet imperialism.

Now, as in the past, Soviet free world relations turn, in the main, on the aggressive nature of Soviet policy.

Since the last meeting of Foreign Ministers 5 years ago, much has happened which could have had an impact on the thinking and the plans of the Kremlin leaders. The strength of the West has increased sharply. NATO is a going concern and has been broadened to include Greece and Turkey. European unification is moving ahead. Stalin has died. Meanwhile, the United Nations resisted Communist aggression in Korea—and drove the aggressors back of their line of departure. A truce has been made, in the course of which the Chinese Communists have been put on notice that if they violated the truce or renewed their aggression, the 16 fighting members of the United Nations Command would be prompt to resist and “in all probability, it would not be possible to confine hostilities within the frontiers of Korea.” In addition, the free nations have insisted on nonforcible repatriation of prisoners of war and have carried their point.

At the same time, it was difficult to tell what or how much influence these developments exerted on the policy of the Soviet leaders. Obviously, unless we could obtain a satisfactory picture of the intentions of the Kremlin, we would be hampered in putting our own policy into effect. Were such small concessions as the Kremlin seemed to make straws in the wind or bait for the unwary? A test of Soviet intentions was in order. We therefore agreed to a meeting at Berlin of the Foreign Ministers of Britain, France, the United States, and the Soviet Union to negotiate a settlement of two specific problems—the unification of Germany and a treaty for Austria.

I would like to emphasize what I know that you know, that we went to the Berlin conference in good faith. We were not using the German and Austrian matters as pawns in a global game of chess with the Soviet Union. We were prepared to agree to any practical and genuine proposal which would end the division of Germany and restore to the German people their independence. And we were willing to consider any legitimate arrangements for the completion of the liberation of Austria.

I will grant that we were not optimistic on either score. But we were determined to try.

You are all too familiar with the results of the Berlin conference. The discussions achieved neither the reunification of Germany nor a treaty for Austria. But what they did do was to force Mr. Molotov to show Russia's hand and to draw the three Western Powers even more closely together. Russia's hand, as Secretary Dulles put it, was seen “as a hand that held fast to everything it had, including East Germany and East Austria,

and also it sought to grab some more." Not only the conferees in Berlin but a listening world learned the nature and shape of today's Soviet policy. Revealed in its true proportions, that policy had no post-Stalin "new look", unless you could so term the fear of freedom implicit in its every detail.

Regional Groupings and Free World Defense

To the anti-Communist world, the results of the test of Soviet intentions which was made at Berlin have deep significance. The unchanged Soviet tenets strongly accent the need for effective regional security arrangements. Further the Soviet attitude underscores the desirability of an interlock between regional organizations wherever practical so that there may be maximum coordination on security matters.

As the President recently stated, "regional groups to ensure security against aggression constitute the most effective means to assure survival and progress."

As friends of Greece we all know about the role that the Greek nation has played in the European regional defensive organization. The inclusion of Greece in NATO substantially increased the forces available to dissuade aggression. These forces, which have demonstrated their bravery in Korea, have been joined with the Southeast European Land Force Command, where along with their Turkish neighbors they stand guard over the strategic flank of the NATO defense system.

Regional collective security, in which Greece has shown its firm belief, has made impressive strides forward in Europe. Individual national armies have been consolidated into a coordinated force. Individual defense plans have gained in strength through overall planning for defense of the NATO area as a whole. The doubts and qualms of isolated action have been dispelled and replaced by the will to fight for common causes. Year by year NATO grows stronger.

Greece has also played a leading role in developing a new regional grouping in an area where traditional distrust and historical rivalries have frequently in the past flared into armed conflict. I refer to the Greek-Turkish-Yugoslav Treaty of Cooperation signed in Ankara on February 28 of last year. By this realistic and statesmanlike action three contiguous nations bordering on the Soviet empire have made clear to the world, and served notice to the satellites, that they recognize their mutuality of interest in security matters and are in a position to work together harmoniously in the event of unprovoked aggression. This rapprochement certainly represents an element of strength in a vital area, and the resultant pact, with its provision for the adherence of other like-minded nations in that part of the world, should prove a valuable deterrent to any aggressive intentions from the Balkan countries to the north.

If we look to the east of Greece, in that area that we loosely term the Middle East, I am glad to report that here, as well, there seems to be a growing interest in the kind of regional defense that Berlin showed to be essential.

The United States has long been concerned about the defense of the Middle East. That concern has increased of late to a point where it might be called a major preoccupation of the administration. There has also been a gradual increase in public awareness of the immense importance of the Middle East, both from the point of view of an appreciation of the human and material resources of the area as well as its strategic location. All efforts to see the states in the area, and those nations of the free world who were in a position to help in the defense of the Middle East, join together in a common defense organization have failed. This has been true primarily because of the extreme sensitivity of newly independent nations over their sovereignty and because of their preoccupation with other issues.

This situation was recognized by the Secretary of State last June when he returned from his trip through that area. The Secretary stressed that while a regional defense grouping would in our opinion be beneficial to the Middle East, the people of the area themselves should initiate the arrangement out of a sense of common destiny and common danger. He further stated that the United States while awaiting such developments would help where it could to strengthen the defenses of those countries who wanted strength, not as against each other or the West, but to resist the common threat to all free peoples.

These ideas reflect the policy of the United States as it has developed since the visit by the Secretary to the Middle East some 9 months ago. What is being said now is in the nature of a progress report along these lines. It is, moreover, progress of the best possible kind, in which free nations of their own volition have taken steps for their own welfare, and which coincide with what we consider to be the welfare of the United States.

On February 19, Turkey and Pakistan announced their intention to study methods of achieving closer collaboration between their countries, including means designed to strengthen peace and security.² This move has given real impetus to the hope for an effective defense of the area as a whole. It is, in my opinion, the most far-reaching and important constructive step in the Middle East since I have been charged with my present responsibility. This Government warmly welcomed this move by Turkey and Pakistan. The President responded shortly thereafter with a statement that we were ready to respond affirmatively to Pakistan's request for assistance in strengthening her own defenses.³

² For a Department statement on the announcement, see BULLETIN of Mar. 1, 1954, p. 327.

³ *Ibid.*, Mar. 15, 1954, p. 400.

In this tightening of bonds between Turkey and Pakistan, this Government sees nothing but the creation of strength of a purely defensive nature. It unites those who in our opinion see the danger of free peoples from the same sources that we see that danger. It unites people who share a determination to do all they can, on their own, to resist such threats to their freedom and security.

We hope that other nations will see attraction in this move sponsored by the two powers flanking the Middle East. I do not believe this to be a forlorn hope. Other nations in the Middle East, I am confident, will recognize the purely defensive nature of the arrangement. Such developments must come by the will of the nations themselves although our interest in such a trend would be great.

This is a world full of anxiety and fear. Some, at times, become pessimistic as to the future.

Those who feel that way fail, in my opinion, to take into account constructive bonds that are steadily growing among the free peoples on this earth. To me, the picture of friendly dependence upon neighbors and allies by the members of regional groupings such as I have outlined tonight in Europe, the Balkans, and the Middle East, is tremendously encouraging.

When I say this I am thinking perhaps even more of the political point of view than I am in terms of straight military preparedness. The bonds that are being formed by a sense of common danger are daily giving evidence that nations are willing to subordinate many of their traditional national rivalries and frictions for the common good. I sincerely believe that this is necessary not only to win a struggle that might be thrust upon the free world, but more importantly—to prevent such a catastrophe from happening at all.

Commercial Treaty With Israel

DEPARTMENT ANNOUNCEMENT

Press release 107 dated March 4

The instruments of ratification of the treaty of friendship, commerce, and navigation between the United States and Israel were exchanged on March 4 in Washington. The exchange was made by Acting Secretary of State Smith and Abba Eban, the Ambassador of Israel, at a brief ceremony. This action completes the formal procedures connected with bringing the treaty into force. By its terms the treaty will enter into force on April 3, the 30th day following the exchange of ratifications.

The treaty was signed at Washington on August 23, 1951. It was approved by the United States Senate on July 21 of last year, subject to a reservation regarding the practice of professions, and by the Government of Israel on January 6, 1952. It was ratified by President Eisenhower on December 18, 1953, and Israel completed its ratification procedures on January 21, 1954.

Entry into force of the new treaty marks the establishment of formal treaty relations of a general character between the two countries. The treaty is the first of its kind to be concluded by Israel and the sixth of this general type which the United States has brought into force with individual foreign countries since the end of World War II. It is designed to regulate basic economic relations between the contracting parties in accord-

ance with advanced and enlightened standards of treatment and to furnish a stable and enduring basis for their future economic intercourse. It contains provisions on basic personal freedoms, property rights, investment and business activities generally, taxation, exchange regulations, the treatment of imports and exports, shipping, and other matters affecting the status and activities of the citizens and enterprises of either country when within the territories of the other.

SUMMARY OF SIMILAR TREATIES

Upon entry into force the treaty with Israel will be the sixth postwar addition to the network of bilateral treaties which the United States long has sought to develop in furtherance of orderly and mutually beneficial economic relationships with other countries. It is one of 10 such treaties signed since the close of World War II as part of an intensive effort to expand and modernize this treaty network. The other postwar treaties which have come into effect are with Ireland, Italy, Ethiopia, Japan, and China. The treaties signed with Denmark, Greece, Colombia, and Uruguay have not as yet been ratified.¹

¹For a Department statement before the Senate Foreign Relations subcommittee considering these treaties and that with Israel, see BULLETIN of June 2, 1952, p. 881.

The existing treaty network is rounded out by 30 treaties entered into at various times before World War II which are still in effect in whole or in greater part. Fourteen of these treaties were entered into during the period between the two world wars, as part of a program initiated by Charles Evans Hughes while he was Secretary of State. The remainder were concluded at various times during the 19th century or the first years of this century; in fact, 11 of them were negotiated over 100 years ago. These various treaties, while dealing with the same general range of subject matter, were concluded over a long span of time and under widely differing circumstances and consequently vary greatly from the standpoint of responsiveness to the requirements of present-day economic intercourse.

TREATIES SIGNED SINCE WORLD WAR II

- China*—Treaty of friendship, commerce, and navigation signed at Nanking Nov. 4, 1946 (entered into force Nov. 30, 1948).
- Colombia*—Treaty of friendship, commerce, and navigation signed at Washington Apr. 26, 1951 (not in force).
- Denmark*—Treaty of friendship, commerce, and navigation signed at Copenhagen Oct. 1, 1951 (not in force).
- Ethiopia*—Treaty of amity and economic relations signed at Addis Ababa Sept. 7, 1951 (entered into force Oct. 8, 1953).
- Greece*—Treaty of friendship, commerce, and navigation signed at Athens Aug. 3, 1951 (not in force).
- Ireland*—Treaty of friendship, commerce, and navigation signed at Dublin Jan. 21, 1950 (entered into force Sept. 14, 1950).
- Israel*—Treaty of friendship, commerce, and navigation signed at Washington Aug. 23, 1951 (to enter into force Apr. 3, 1954).
- Italy*—Treaty of friendship, commerce, and navigation signed at Rome Feb. 2, 1948 (entered into force July 26, 1949).
- Japan*—Treaty of friendship, commerce, and navigation signed at Tokyo Apr. 2, 1953 (entered into force Oct. 30, 1953).
- Uruguay*—Treaty of friendship, commerce, and economic development signed at Montevideo Nov. 23, 1949 (not in force).

TREATIES CONCLUDED 1920-1940

- Austria*—Treaty of friendship, commerce, and consular rights signed at Vienna June 19, 1928.
- El Salvador*—Treaty of friendship, commerce, and consular rights signed at San Salvador Feb. 22, 1926.
- Estonia*—Treaty of friendship, commerce, and consular rights signed at Washington Dec. 23, 1925.
- Finland*—Treaty of friendship, commerce, and consular rights signed at Washington Feb. 13, 1934.
- Germany*—Treaty of friendship, commerce, and consular rights signed at Washington Dec. 8, 1923 (the status of some provisions of this treaty is uncertain, pending entry into force of the agreement of June 3, 1953, relating to reapplication of the treaty).
- Greece*—Treaty of establishment signed at Athens Nov. 21, 1936.
- Honduras*—Treaty of friendship, commerce, and consular rights signed at Tegucigalpa Dec. 7, 1927.
- Iraq*—Treaty of commerce and navigation signed at Baghdad Dec. 3, 1938.
- Latvia*—Treaty of friendship, commerce, and consular rights signed at Riga Apr. 20, 1928.

- Liberia*—Treaty of friendship, commerce, and navigation signed at Monrovia Aug. 8, 1938.
- Norway*—Treaty of friendship, commerce, and consular rights signed at Washington June 5, 1928.
- Thailand*—Treaty of friendship, commerce, and navigation signed at Bangkok Nov. 13, 1937.
- Turkey*—Treaty of commerce and navigation signed at Ankara Oct. 1, 1929.
- Turkey*—Treaty of establishment and sojourn signed at Ankara Oct. 28, 1931.

TREATIES CONCLUDED BEFORE 1920

- Argentina*—Treaty of friendship, commerce, and navigation signed at San José July 27, 1853.
- Belgium*—Treaty of commerce and navigation signed at Washington Mar. 8, 1875.
- Bolivia*—Treaty of peace, friendship, commerce, and navigation signed at La Paz May 13, 1858.
- Borneo*—Convention of amity, commerce, and navigation signed at Brunei June 28, 1850.
- Colombia*—Treaty of peace, amity, navigation, and commerce signed at Bogotá Dec. 12, 1846.
- Costa Rica*—Treaty of friendship, commerce, and navigation signed at Washington July 10, 1851.
- Denmark*—Convention of friendship, commerce, and navigation signed at Washington Apr. 26, 1826.
- France*—Convention of navigation and commerce signed at Washington June 24, 1822.
- Morocco*—Treaty of peace and friendship signed at Meknes Sept. 16, 1836.
- Muscat*—Treaty of amity and commerce signed at Muscat Sept. 21, 1833.
- Netherlands*—Convention of commerce and navigation signed at Washington Aug. 26, 1852.
- Paraguay*—Treaty of friendship, commerce, and navigation signed at Asunción Feb. 4, 1859.
- Spain*—Treaty of friendship and general relations signed at Madrid July 3, 1902.
- Switzerland*—Convention of friendship, commerce, and extradition signed at Bern Nov. 25, 1850.
- United Kingdom*—Convention to regulate commerce and navigation signed at London July 3, 1815.
- Yugoslavia*—Treaty of commerce and navigation signed at Belgrade Oct. 14, 1881.

Letters of Credence

Ceylon

The newly appointed Ambassador of Ceylon, R. S. S. Gunewardene, presented his credentials to the President on March 10. For the text of the Ambassador's remarks and the text of the President's reply, see Department of State press release 125.

Austria

The newly appointed Ambassador of Austria, Dr. Karl Gruber, presented his credentials to the President on March 10. For the text of the Ambassador's remarks and the text of the President's reply, see Department of State press release 126.

The Middle East and South Asia—the Problem of Security

by John D. Jernegan

Deputy Assistant Secretary for Near Eastern, South Asian and African Affairs¹

The general subject of the Middle East is an extremely broad one. If I were to attempt to cover all aspects of American relations with that area it would take more time than is available and would probably be beyond my capacity. It seemed to me, therefore, that it would be best to confine myself to one aspect which has been very much in the news in recent weeks, that is, the problem of developing a security system for the area, the beginning which may have been made toward a solution of this problem through the decision of Turkey and Pakistan to institute closer relations between themselves,² and the decision of the American Government to accede to Pakistan's request for military assistance.

For at least 2 centuries, since the decline of the Ottoman Empire began, there has been little or no indigenous defensive strength in the Middle East and South Asia. In consequence, that area has been the object of great power rivalries. One of the outstanding elements in the picture was the recurrent drive of imperial Russia to the south and east. This drive met with little resistance from the Middle Eastern states themselves and was held in check only by the counterweight of other European powers, especially Britain and France. During the 19th century, Britain established a firm base in the Indian subcontinent and another base in the Near East. As a result, the area from the Eastern Mediterranean to the Pacific enjoyed a sort of *Pax Britannica*. Whatever judgment may be passed on British rule and British influence from the point of view of the inhabitants of the area itself, this provided a degree of stability and prevented an overturn of the world balance of forces.

After World War II the basis of British power in the Middle East and South Asia was reduced.

¹ Address made before the Institute of International Affairs, Grinnell College, Grinnell, Iowa, on Mar. 7 (press release 114 dated Mar. 6).

² For a statement by the Department on the joint communique by Turkey and Pakistan, see BULLETIN of Mar. 1, 1954, p. 327.

Britain withdrew from the Indian subcontinent, from Burma, from Ceylon, and from Palestine. She also felt obliged to relinquish her direct responsibility for support of Greece and Turkey. This left the states concerned free to pursue their own nationalist aspirations in their own way, but it also left them largely defenseless against a predatory great power, and unfortunately Soviet ambitions in that direction did not end with the overthrow of the Czarist regime.

It is significant to note that the secret Nazi Germany-U.S.S.R. draft agreement of November 26, 1940, contains the following passage: "The Soviet Union declares that its territorial aspirations center south of the national territory of the Soviet Union in the direction of the Indian Ocean."³ Since 1940 we have had abundant evidence that the Soviets still feel the same way. An outstanding example was their attempt to take over control of Iranian Azerbaijan in 1945 and 1946.

Visibility of Kremlin's Hand

We have no evidence to show that since Stalin's death Soviet objectives have changed. Moscow-directed attempts at subversion continue. I do not believe there is a single country in the Middle East where the hand of the Kremlin does not show. In some, such as Turkey, strong governmental action has made these efforts extremely difficult. In others, however, the machinations of the local Communists contribute greatly to internal instability.

Thus, the security of the Middle East and South Asia has necessarily become a source of deep concern to the free world. While the United States was willing and able to assume the responsibility of strengthening Greece and Turkey and was able to carry it out with success, it has not been possible to apply the same technique to the security problems of the far greater area lying to the south and east of Turkey. Many of the countries

³ *Nazi-Soviet Relations 1939-1941*, Department of State publication 3023, p. 257.

of that region have not felt it in their national interest to request American assistance. In others, a grant of American military assistance on the scale of that provided to Greece and Turkey would be beyond the capacity of the countries concerned to assimilate and utilize. Furthermore, I need hardly say that American resources are not unlimited. Nevertheless, the danger of aggression exists in the Middle East no less than in the Far East and in Europe. The nations of the free world could not ignore it and have not ignored it. They have considered it essential that the area be enabled to develop peacefully, free from the danger of being swallowed by Soviet communism.

You undoubtedly recall that there were discussions in 1951 about the establishment of a Middle East Command to be sponsored by the United States, the United Kingdom, France, Turkey, and certain British dominions and to include the Arab States.⁴ This proposal met with little enthusiasm on the part of the Near Eastern states, which were too preoccupied with their disputes with the West and the hostility between the Arabs and Israel to wish to engage in a general defensive arrangement under Western leadership.

In 1952 consideration was given to the possible formation of what was called a Middle East Defense Organization, which was to have been a much looser grouping designed primarily for cooperative defense planning.⁵ This, again, failed to attract the interest of the Near Eastern states whose participation would have been essential for its success.

When Secretary of States Dulles took office last year he decided to have a new look at the whole problem of the Near East and South Asia, including the security situation. In the spring of 1953 he made an extensive tour of the area. He traveled many thousands of miles and spoke at length with leaders of government. When he returned, he had this to say about the problem of defense:⁶

A Middle East Defense Organization is a future rather than an immediate possibility. Many of the Arab League countries are so engrossed with their quarrels with Israel or with Great Britain or France that they pay little heed to the menace of Soviet communism. However, there is more concern where the Soviet Union is near. In general, the northern tier of nations shows awareness of the danger.

There is a vague desire to have a collective security system. But no such system can be imposed from without. It should be designed and grow from within out of a sense of common destiny and common danger.

While awaiting the formal creation of a security association, the United States can usefully help strengthen the interrelated defense of those countries which want strength, not as against each other or the West, but to resist the common threat to all free peoples.

⁴ For a summary of the discussions, see BULLETIN of Nov. 26, 1951, p. 842 and Dec. 15, 1952, p. 937.

⁵ For a statement regarding U.S. efforts, see *ibid.*, Dec. 15, 1952, p. 938.

⁶ *Ibid.*, June 15, 1953, p. 835.

I believe the key to the future of collective security in the Middle East lies in what Secretary Dulles said about its having to spring from within—that it cannot be forced on the area from the outside. Both the idea of the Middle East Command and that of the Middle East Defense Organization foundered because they relied on initiative being supplied from the West.

Divergence of Views Regarding Danger

There is still no unanimity among the states of the Middle East and South Asia regarding the best means of preserving their freedom. There is not even agreement among them, in all cases, as to the nature or imminence of the threat to their security. Some of them, conditioned by past experience or influenced by immediate problems, still seem to believe that they are as much endangered by an "imperialist threat" from the west as by peril from the north. Others have come to feel, rightly in our opinion, that the overriding danger is that of Communist expansionism. This is the conclusion which has been reached by the Government of Pakistan. As a matter of fact, high officials of the Government of Pakistan, in informal conversations, had indicated to us months ago their interest in strengthening Pakistan and had made clear that Pakistan recognized the dangers the free world faced. For our part, we had been considering the potential possessed by Pakistan in connection with the problem of increasing the defensive strength of the Middle East. While this question was still under study within the American Government, the Governments of Turkey and Pakistan began to consider the advantages of closer cooperation between themselves in the political, economic, cultural, and security fields. The United States Government was aware of this line of thinking, which it welcomed and which resulted in a joint announcement by the Governments of Turkey and Pakistan on February 19 of this year that they intended "to study methods of achieving closer friendly collaboration in the political, economic, and cultural spheres as well as of strengthening peace and security in their own interest as also in that of all peace-loving nations."

Meanwhile, the American Government had been pondering the pros and cons of extending grant military aid to Pakistan. There were obvious advantages. The Government of Pakistan had shown its awareness of the danger, and in the state of the world today it did not seem good policy to rebuff those who think as we do and who can contribute to the security of the free world on which our own security depends. Pakistan has concrete assets to offer to the free world. She has a fine army which provided a large share of distinguished regiments to the Indian Army before partition—regiments noted for bravery in two world wars. She has ample manpower to expand that

army. Her military tradition and ability are proved. She occupies an important location covering the invasion routes into the Indian subcontinent and also one which would enable her, under conditions of strength, to support the defense of the Near East proper.

To realize her potential, however, Pakistan needs outside assistance. She does not have the raw materials or the productive capacity to arm herself sufficiently to withstand outside aggression.

On the opposite side, the Government of the United States had to consider and did consider the attitude of Pakistan's great neighbor, India.

India-Pakistan Relations

Since the partition of the subcontinent between India and Pakistan in 1947, relations between the two countries have been strained. The violence which accompanied the separation and which was followed by the clash over the State of Kashmir resulted in differences which have been exceedingly difficult to resolve. We feared, and subsequent evidence has borne out our fears, that many Indians would dislike the prospect of military assistance to a neighboring country with whom they were not on the best of terms. Indian spokesmen have expressed anxiety that military assistance would make Pakistan more aggressive and would make the Pakistani Government feel that it could wield a big stick with respect to Kashmir.

In addition, the problem was further complicated by the Indian Government's concept of India's role in world affairs. It has been described variously as the idea of a "no war area" or "neutral group" or as the center of a "neutral bloc." In the arguments against United States aid to Pakistan which have been advanced in India during the past few months, we find that one of the central themes is the fear that such a move would destroy the "neutrality" of the subcontinent and bring the cold war to India's borders.

In discussing United States military assistance in the Indian Council of States on December 24, 1953, Prime Minister Nehru said:

We have declared that we should be parties to no war. . . . We had hoped that other countries, more especially the countries of Asia which were situated more or less like us, would also follow that policy because it was to their advantage as well as to the larger advantage of Asia. . . . We, in our own way, worked for and looked forward to this area, if I may say so, as the "no-war area" in Asia. Naturally we hoped that Pakistan which was in a sense, similarly circumstanced as we are, would belong to that area also. Now, if any military aid comes to Pakistan from the United States it is obvious that Pakistan drops out of that area. Whatever else may happen, Pakistan lines up with a major group of powers. . . . That is a serious thing. It means that the cold war, as it is called, comes to Pakistan and, therefore, comes to India's borders on the West and the East, on both sides. It means that if a hot shooting war developed it also comes right up to the borders of India.

Mr. Nehru has also expressed the fear that military aid to an Asian country might be the opening wedge for the reintroduction of Western imperialism.

We must and do respect Mr. Nehru's opinions. He is the great leader of a great nation of 376 million people. He has been unswerving in his support for democracy and in his fight against Communists in his own country. There are strong traditions of friendship between the United States and India which must not be broken and which I am positive will be strengthened. But we feel entitled to differ with Mr. Nehru on policy matters involving our relations with other countries just as he is entitled to differ with us.

What has happened in Eastern Europe—Poland, Czechoslovakia, the Baltic States, the East Zone of Germany—what happened in Korea and Indochina, all point unmistakably to the glaring fact that the free peoples of the world are dealing with a conspiracy that has as its objective the enslavement of all of us. Our message is a simple one: If freedom is to survive it must be protected. Our technique for doing this—and it is a proven one—lies within the concept of collective security. We cannot allow peoples who want to live in peace and security to be picked off one by one. Our individual strengths are not sufficient to hold off the full power of the Soviets. Together, they are. We have proved in Korea that this idea is a valid one.

Strength a Deterrent to Attack

We do not, therefore, believe that the strengthening of freedom-loving nations invites attack. On the contrary, we think experience has shown that it is a deterrent to attack. We believe that in a matter of such great importance to both of them, Pakistan and the United States must follow their own convictions while at the same time fully respecting the convictions of others who honestly disagreed.

We do not, of course, agree that American aid to any country is a form of imperialism. In the light of India's history and the national feelings of her people we can understand why she is super-sensitive on this score, but we think a careful study of the history of American aid programs in other countries would show that her fears are unfounded. Nations such as Turkey, Greece, France, Great Britain, and many others have not surrendered their independence in receiving United States aid.

While the executive branch of your Government had the questions of military aid to Pakistan under consideration, we kept the Government of India informed of what would be involved. We assured it that no *quid pro quo* such as military bases was involved. I cannot say that we were successful in changing the attitudes of the Indian Government toward this proposal. We were in-

terested, however, in making it crystal clear exactly what such aid would entail.

In the meantime, the Governments of Turkey and Pakistan carried on informal talks which resulted in the February 19 announcement. As I have said, the United States warmly welcomed this development. It seemed to us that this step would provide increased assurance that these two countries and others in the area would be better able to keep their independence. Moreover, it was evidence that the need for collective security in the Middle East was being realized by the states of the area themselves, as Mr. Dulles had said it must be.

The Foreign Minister of Turkey explained the nature of the proposed agreement. He said: "The treaty to be concluded will not be an alliance or a military pact, but it will nevertheless envisage a common effort with a view to seeking and determining what may be done to strengthen peace and security, bearing in mind geo-political considerations, the possibilities of the two states, and what is feasible internationally." He went on to say that "the treaty in question will be open to interested peaceful states" and "that it will not and cannot be directed against any country of good will."

Military Aid for Pakistan

The decision of the United States to grant military aid to Pakistan was taken in the context of the announcement by Turkey and Pakistan and of Pakistan's formal request to us for aid.

In making its request known, the Government of Pakistan stated that it was asking the United States for this help "for the purpose of achieving increased defensive strength and a higher and stronger degree of economic stability designed to foster international peace and security within the framework of the United Nations Charter." The statement went on to say that Pakistan was in agreement with the requirements of the mutual security legislation, under which the United States makes such grants available. This legislation strictly defines the end uses of grant military aid. It says, for instance, that the nation receiving aid shall agree that "the equipment, materials, or services provided will be used solely to maintain its internal security, its legitimate self-defense, or to permit it to participate in the defense of the area, or in United Nations collective security arrangements and measures." The act further provides that the recipient nation agrees that it will not undertake any act of aggression against any other nation.

On February 25, President Eisenhower announced⁷ that he was glad to comply with Pakistan's request. He said that the United States has "been gravely concerned over the weakness of defensive capabilities in the Middle East" and that

⁷ *Ibid.*, Mar. 15, 1954, p. 401.

"regional groupings to ensure security against aggression constitute the most effective means to assure survival and progress." Thus, within the framework of the proposed agreement between Turkey and Pakistan, he decided to grant Pakistan military assistance.

Referring to the terms of the mutual security legislation, the President said: "These undertakings afford adequate assurance to all nations, regardless of their political orientation and whatever their international policies may be, that the arms the United States provides for the defense of the free world will in no way threaten their own security." "I can say," the President continued, "that if our aid to any country, including Pakistan, is misused and directed against another in aggression I will undertake immediately, in accordance with my constitutional authority, appropriate action both within and without the U.N. to thwart such aggression. I would also consult with the Congress on further steps."

At the same time, the President made public the text of a personal letter he had sent to Prime Minister Nehru. In this letter he stated that the decision to give Pakistan aid "does not in any way affect the friendship we feel for India." He continued, "Our two Governments have agreed that our desires for peace are in accord. It has also been understood that if our interpretation of existing circumstances and our belief in how to achieve our goals differ, it is the right and duty of sovereign nations to make their own decisions."

He went on to cite the economic and technical assistance which the United States has provided India and the fact that he is recommending to the Congress that such help be continued. He concluded by noting that it is in the interest of the free world that India have a strong military establishment and that "If your Government should conclude that circumstances require military aid of a type contemplated by our mutual security legislation, please be assured that your request would receive my most sympathetic consideration."

I should like to underline and paraphrase what the President said:

First, our Government is convinced that Pakistan desires our assistance and is seeking closer collaboration with Turkey solely to defend herself against aggression from outside the area. We do not believe that Pakistan has aggressive intentions toward any of her neighbors nor that she will adopt an intransigent attitude in the settlement of existing disputes.

Second, if contrary to our belief Pakistan were to develop an aggressive attitude, all the weight at our disposal would be thrown into the balance against such a development.

Third, we continue to desire the most friendly relations with India and to consider her independence and well-being as of the greatest importance to the whole world.

Fourth, we know that India does not at present desire military aid; yet if she should at any time change her mind in this regard, we would be prepared to give any request she might make the most sympathetic consideration.

India's Attitude Toward Aid

The fourth point perhaps deserves a little explanation. Some Indians, including Prime Minister Nehru, seem to have felt that the President's suggestion regarding eventual military aid to India was uncalled for in view of previous declarations that India disapproved in principle of foreign military assistance to Asian states. The American Government was, of course, aware of this attitude and for that reason the President's letter did not make an outright offer of military aid at this time. It was deliberately phrased to recognize the current Indian policy but to make clear that, if that policy should change, the United States would be glad to discuss the same kind of collaboration with India which it now proposes to undertake with Pakistan and which it has previously undertaken with many other nations of the free world. We had hoped the Government and people of India would accept this as evidence of good will and good faith on the part of the United States. We also had hoped this would make it clear that we did not intend to arm Pakistan against India, as had been charged by some Indians.

It is probably still too early to assess definitively either the positive or the negative results of the moves which have now been begun looking toward the defense of the Middle East and South Asia. I should like to say, however, that I believe the advantages will far outweigh the disadvantages both for the nations of that area and for the United States and its associates of the free world.

I do not think for one minute that we have destroyed our friendly relations with India. It is recognized that the two countries—India and the United States—follow different routes to the same objective. As India sees that what we do has no harmful effects on her or on world security, I cannot help but feel that her Government and people will lose their apprehensions. In other spheres I expect that the United States and India will continue as before to work together. We must do what we can to insure that collaboration in the economic, cultural, and social fields is strengthened. Above all, we cannot allow ourselves a policy of exasperation because India pursues a path which varies from our own.

One word of caution may be in order. There has been much loose talk of alliances in connection

with American aid to Pakistan and the Turk-Pakistani collaboration. No such binding arrangements are contemplated. As stated in the communique which they have issued, the Governments of Turkey and Pakistan plan only to study methods of collaboration in fields in which they have mutual interests. The supply of American military equipment to Pakistan will be based solely on the normal mutual-security agreement, which does not commit either Pakistan or the United States to any military obligations other than those very general obligations already cited, to refrain from aggression and to be prepared to assist in their own defense and the defense of the free world. We have signed similar agreements with many countries without any suggestion that those countries necessarily become allies of the United States or subservient to the United States.

Effect of Turkey-Pakistan Initiative

At the same time, I believe that a real step forward has been made toward insuring lasting peace and security for the Middle East and South Asia, through an indigenous movement toward cooperation between the nations of the area, with the assistance, as desired, of the United States and its allies. We should most certainly be encouraged by the initiative which has been taken by Turkey and Pakistan. This initiative is only a beginning, but it may produce far-reaching results. It is significant that the two countries have indicated that accession to the agreement which they propose to negotiate will be open to other like-minded nations. It goes without saying that the United States would be glad to see other states of the area join in this cooperative relationship, in their own good time and when and if they themselves become convinced that it is in their interest.

It is not too much to hope that what we are witnessing today may eventually result in a general strengthening of the whole Middle East.

Disunity produces weakness. Unity contributes to strength. If the Middle Eastern nations can find it within themselves to move forward together in a common cause of peace and security, I think that their new unity and strength may well overcome many of the basic causes of instability and dissension. With some outside help and encouragement, they can realize great progress toward viable economies. They can look forward to social advancements. They will have the means to protect effectively their individual security.

Above all, they will be making a great contribution to the security of the free world.

Hungarian Plane Case in International Court of Justice

DEPARTMENT ANNOUNCEMENT

Press release 111 dated March 5

As announced at the International Court of Justice at The Hague on March 3, 1954, the U.S. Government filed with that Court applications instituting proceedings against the Soviet and Hungarian Governments on account of their conduct in connection with the four American airmen who came down on Hungarian soil in a U.S. C-47 military aircraft November 19, 1951.

As annexes to the applications there were transmitted copies of the formal diplomatic notes delivered to the Soviet and Hungarian Governments by the U.S. Government on March 17, 1953,¹ and the replies received from the Soviet and Hungarian Governments. The applications, the Department of State is informed, have been duly transmitted by the registrar of the International Court of Justice to the respondent Governments and are being transmitted to all governments entitled to appear before the Court as required by the rules of the Court.

In filing its applications with the International Court of Justice, the U.S. Government gave careful consideration to the fact that the Soviet and Hungarian Governments had not submitted to the compulsory jurisdiction of the International Court of Justice and had not responded to the U.S. Government's invitation, contained in its notes of March 17, 1953, either to enter into a special agreement with the U.S. Government submitting these cases to the Court or to file with that Court declarations accepting the Court's jurisdiction for this dispute. Instead, in a note of June 19, 1953, replying to this Government's note of March 17, 1953, the Soviet Government, without being responsive to the charges made by the U.S. Government, stated:

The Soviet Government considers the proposal of the United States Government concerning the submission of this question to the consideration of the International Court to be without foundation since there exists no subject for such consideration and equally since there exists no basis for bringing any claims whatsoever against the Soviet Union.

¹ For a summary of these notes, see BULLETIN of Apr. 6, 1953, p. 496.

In a note of November 2, 1953, the Hungarian Government, referring to this Government's note of March 17, 1953, stated:

... the Hungarian Government considers the case of the four American flyers as closed.

The Hungarian Government made no effort to respond to the detailed charges of the U.S. note.

While customarily, in the past, cases have been brought before the International Court of Justice under special written agreements between the disputing governments or on the basis of prior declarations by both governments accepting the Court's jurisdiction, the Court's rules and the Court's jurisprudence permit a complaining government to file an application unilaterally upon the premise that the defendant government will tacitly or by its own unilateral declaration agree to a hearing of the dispute by the International Court of Justice. This method was left open for cases where the defendant government might have been unwilling to join in any preliminary agreement with the complaining government or to file a formal declaration accepting jurisdiction in advance of the dispute itself being brought before the Court by the complaining government but where it was nevertheless willing to appear and defend a proceeding instituted against it.

The U.S. Government has exhausted the channels of diplomacy in seeking satisfaction in these cases. The U.S. Government is conscious, however, that the human rights, and international rules of conduct with respect to overflying airplanes, involved in this case, are subjects which have assumed importance in international relations. The case is one particularly suited to the institution of the International Court of Justice both as to an authoritative determination of the facts and as to a formulation of the rules of law which civilized governments should observe in these fields.

In determining to bring this matter before the International Court of Justice in this way, the Department of State has been moved by the desirability of promoting the establishment and maintenance of the rule of international law and order.

TEXT OF APPLICATION

Following is the text of the application addressed to the Registrar of the International Court of Justice at The Hague, Netherlands, by the Department's Legal Adviser:

FEBRUARY 16, 1954

SIR:

1. This is a written application, in accordance with the Statute and Rules of the Court, submitted by the Government of the United States of America instituting proceedings against the Government of the Union of Soviet Socialist Republics on account of certain actions of the latter Government, in concert with the Government of the Hungarian People's Republic. A separate written application is being submitted by the Government of the United States of America simultaneously herewith instituting proceedings against the Government of the Hungarian People's Republic on account of the same matter. The Government of the United States of America requests that so far as it may be convenient and proper to do so the two applications and the proceedings thereon be considered and dealt with together.

The subject of the dispute and a succinct statement of the facts and grounds on which the claim of the Government of the United States of America is based are set forth in two notes, one delivered to the Soviet Government on March 17, 1953 and one delivered to the Hungarian Government on the same day; the note to the Hungarian Government was incorporated by reference in the note to the Soviet Government, the note to the Soviet Government was incorporated by reference in the note to the Hungarian Government, and each of the two Governments received from the United States Government a copy of the note addressed by the United States Government to the other Government. Copies of both notes are attached to this application as an annex.

2. The United States Government notes that the present dispute concerns matters of the character specified in Article 36 (2) of the Statute of the Court, including subdivisions (a) through (d). As will be seen from the annex, the legal dispute of the United States Government with the Soviet Government involves the interpretation of the Treaty of Peace, signed at Paris February 10, 1947, to which the United States Government, the Soviet Government and the Hungarian Government are parties; the Treaty of Friendship, Commerce and Consular Rights, signed at Washington June 24, 1925, which was in effect during the period relevant to this dispute and to which the United States Government and the Hungarian Government are parties; numerous questions of international law, as set forth in Part II of each of the annexed notes; numerous issues of fact which if established would constitute breaches of international obligations by the Hungarian Gov-

ernment; and questions of the nature and extent of reparation to be made to the United States Government by the Hungarian Government for these breaches.

The United States Government, in filing this application with the Court, submits to the Court's jurisdiction for the purposes of this case. The Hungarian Government appears not to have filed any declaration with the Court thus far, and although it was invited to do so by the United States Government in the Note annexed hereto it has not made any responsive reply to the invitation. The Hungarian Government, however, is qualified to submit to the jurisdiction of the Court in this matter and may upon notification of this application by the Registrar, in accordance with the Rules of the Court, take the necessary steps to enable the Court's jurisdiction over both parties to the dispute to be confirmed.

Thus the United States Government founds the jurisdiction of this Court on the foregoing considerations and on Article 36 (1) of the Statute.

3. The claim of the Government of the United States of America is briefly that the Government of the Hungarian People's Republic in concert with and aided and abetted by the Government of the Union of Soviet Socialist Republics on November 19, 1951, wilfully and unlawfully caused to be seized a United States Air Force C-47 type aircraft together with its crew of four American nationals and its contents, driven over Hungary by winds unknown to the crew; that thereafter both Governments engaged in unlawful actions against the crew and against the United States with respect to the incident, constituting both serious violations of existing treaties as well as manifest denials of justice and other international wrongs. For these breaches of international obligation the United States has demanded and demands monetary and other reparation from the Hungarian Government. The Soviet Government has sought to justify some of its conduct by Article 22 of the Treaty of Peace to which reference has been made, a contention which the United States Government denies.

As the United States Government, in further pleadings herein, will more fully set forth, the United States Government proposes that the issues of law and fact in this dispute be heard and decided by the Court in accordance with its Statute and Rules; that the Court decide that the accused Governments are jointly and severally liable to the United States for the damage caused; that the Court award damages in favor of the United States Government against the Soviet Government in the sum of \$637,894.11, with interest, as demanded in the annexed notes; that the Court determine the nature and extent of other reparation and redress, which the Court may deem fit and proper; and that the Court make the necessary orders and awards, including an award of costs, to effectuate its determinations.

4. The undersigned has been appointed by the Government of the United States of America as its agent for the purpose of this application and all proceedings thereon.

Very truly yours,

HERMAN PHILLEGGER
*The Legal Adviser
of the
Department of State*

Review of the U.N. Charter

*Statement by Henry Cabot Lodge, Jr.
U. S. Representative to the United Nations*¹

The purpose of this statement is not to give final conclusions. The Executive Branch wants to await the advice of Congress, as well as the views of the American citizenry. We are also interested in the views of other nations. Of course, it is fundamental that no charter amendments can come into effect without the consent of the Senate.

Secretary Dulles has identified for you some of the principal questions that he felt your committee and the American people should be looking into so that our final policies can be the product of thoughtful and realistic study.²

Today your attention is invited to a few of the issues that seem particularly important in the light of my service as the U.S. Representative to the United Nations.

Before doing this, let the Administration's steadfast support of active U.S. participation in the United Nations be repeated. My own conviction, based on first-hand experience, is that our participation is clearly required by our national interests, both short-term and long-range, and that the review conference should not be allowed to jeopardize the good we have already worked so hard to build up. President Eisenhower recently said of the United Nations that "it still represents man's best organized hope to substitute the conference table for the battlefield," and he characterized it as "sheer necessity."³

Misuse of Veto

I. Let me begin by commending to your study the recommendations the Senate made to the Executive in the Vandenberg resolution of 1948,⁴ and which represent the policy of this Administration.

¹ Made before the Charter Review Subcommittee of the Senate Foreign Relations Committee on Mar. 3 (press release 104).

² BULLETIN of Feb. 1, 1954, p. 170.

³ *Ibid.*, Oct. 5, 1953, p. 457.

⁴ *Ibid.*, July 18, 1948, p. 79.

This is the proposal that the Charter be amended to eliminate the veto: (a) on the admission of new members and (b) on the pacific settlement of disputes.

Of course when we think about it we see that our interests and our security require that we retain the final say on anything involving the use of American forces. This means the right to use the veto.

a. But on the matter of membership, 14 deserving nations have been blocked from admission to the United Nations because of Soviet Russia's abuse of the veto power in the Security Council. These are Austria, Cambodia, Ceylon, Eire, Finland, Italy, Japan, Jordan, Republic of Korea, Laos, Libya, Nepal, Portugal, and Viet-Nam.

You would be well advised therefore to take a new look at article 4 on membership qualifications, in conjunction with article 27 on the veto, in seeing what this country might propose to change this unfortunate situation.

b. Neither should one nation possess the right to veto pacific settlements of disputes. Sometimes these settlements have been laboriously arrived at by nations working in good faith and then thrown out of the window by one trouble-maker. A few weeks ago, in the last case handled by the Security Council for instance—the dispute between Syria and Israel—a veto on a proposed course of settlement favored by a majority of members was the Soviet Union's only contribution.⁵

Organizational Structure of U.N. System

II. The second question which is deserving of thought is the overall organizational structure of the United Nations system, by which I mean the United Nations proper plus the various specialized agencies such as WHO, ILO, ICAO, FAO, UNESCO, and so forth. These specialized agencies are entirely outside of my jurisdiction and I have no responsibility for their operation. And of course the review conference we are talking about involves only the United Nations Charter. But under articles 17, 57, 58, 59, 62, 63, 64, 66, 70, 91, and 96, there is a definite although limited relationship. The United Nations arranges for creation of specialized agencies; it gets reports from them; it does work for them; they sit without vote in United Nations meetings; and, most important, the specialized agencies come into a contractual relationship with the United Nations itself. The United Nations is supposed to make recommendations for coordination of their policies and activities.

Now a certain amount of formal coordination does exist. For example, there are some formal agreements which aim at creating contacts between the United Nations and the 10 existing agencies. The United Nations does consider their reports

⁵ *Ibid.*, Feb. 22, 1954, p. 297.

each year and generally makes recommendations to one or more of them. Their budgets are examined each year by the United Nations Advisory Committee on Administrative and Budgetary Questions. And the United Nations Secretary-General does preside over a committee on administrative coordination consisting of the directors of the agencies.

But speaking frankly and realistically, the specialized agencies are, for practical purposes, independent. This has been the source of many troubles. In past years, for example, the publicity coming from one specialized agency had a significant and understandably irritating effect on a sizeable number of Americans, with reactions which damaged the United Nations proper and which prejudiced some of the fine work actually being done by the specialized agencies. Screening of U.S. employees of international organizations, to give another example, even though the agreement of the United Nations Secretary-General was obtained, had to be negotiated separately with each agency—an immensely time-consuming procedure. I therefore would raise with you the question as to whether the present provisions of the United Nations Charter are adequate for the sort of coordination we want and, if not, whether the system of coordination should be improved, and, if so, by changes in the Charter.

U.N. Support by Members

While charter review is important and could do a great deal to make the United Nations more effective, we should never lose sight of the fact that the success of the United Nations in the last analysis will always depend on the extent to which its members support it when the going gets rough. In my opinion, no amount of words and clever diplomatic gestures can obscure this fact.

The contribution of the United States in Korea was of overwhelming importance and reflects great credit on us. In the war in Korea, member states of the United Nations, other than the United States, contributed the equivalent of two divisions which, when compared with the enormous contribution of the United States, does not seem very much, even though it is far better than nothing and even though it saved the United States the expense of putting up two more divisions of our own which, incidentally, repaid us our assessed contribution to the United Nations many times over. But there is no doubt in my mind that if United States officials at that time had not required states having valuable manpower to reimburse us in dollars for the supplies which we provided them, we might well have had perhaps as much as three

divisions more. But naturally, nations not having mechanized equipment, not having shipping, and not having dollars were unable to undertake to supply equipment, shipping, and dollars which they did not possess. This had the effect of reducing the foreign troop contribution.

In World War II, the Congress rightly provided that it was advantageous for the United States to provide Russian and French soldiers, for example, with clothing and equipment for the very simple reason that this tended to save the lives of American soldiers and to hasten the victory. It is a mysterious sort of logic which maintains that the American man who was fighting in Korea was not entitled to as much help as his older brother was in World War II.

I can assure you that under the policy of this Administration this situation will not be repeated. The President's policy is that, while in principle each nation involved in a United Nations effort to repel an aggression should equip and supply its own troops to the extent that it is able, the overriding consideration should be the maximum contribution of effective manpower. When any such nation is willing to contribute effective manpower but not able to provide for logistic support, the Department of Defense should furnish to such nation military equipment, supplies, and services, without requirement of payment to the extent that the Department of State, in consultation with the Departments of Treasury and Defense, may determine such nation cannot reasonably be expected to pay. A nation capable of contributing money beyond the support of any forces furnished by it should of course be encouraged also to contribute toward the logistic support of the forces of other nations. Except when the manpower furnished by any such nation is additional to forces already furnished by it, the contribution should be in effective military units as determined by the Department of Defense.

To conclude: The work you are doing here can be of prime importance in helping the American people to study these issues intelligently and soberly. President Eisenhower has said that this Government is "committed irrevocably to the support of the United Nations." In his historic address last April 16, he pledged that the United States is ready in the future, as it has been in the past, to help "make of the United Nations an institution that can effectively guard the peace and security of all peoples."⁶ With these two statements as our text, the United States can provide the sort of enlightened leadership which the people of the world hopefully seek.

⁶ *Ibid.*, Apr. 27, 1953, p. 602.

Administration of Tanganyika

*Statement by Mason Sears
U.S. Representative in the Trusteeship Council*¹

U.S./U.N. press release dated March 9

Up to now the Council has been dealing with West Africa, where progress toward self-government is making political history. Today we turn to Tanganyika in East Africa, several thousand miles away.

Here we find very different but equally challenging circumstances in the march of a territory toward self-determination. Here some of the most attractive peoples in the world are closing the gap which has separated them so long from life in other continents.

In giving our views on this territory we wish to start with a statement by Secretary Dulles. It was made in Venezuela last week. "The United States," he said, "recognizes that . . . freedom and independence [are] based not only on political and moral considerations but also on economic and social well-being."²

These words are made to order for present-day Tanganyika, where social and economic progress are the cornerstones of political advancement. In this territory social and economic development is closely tied to better housing and better pay for its growing labor population.

It also happens that unusually significant developments took place in both these fields within the year. In the field of housing we understand that in Dar Es Salaam a new process for building low-cost, hygienic houses was successfully developed. These houses, which are made of treated clay and concrete, are said to rent at the extremely low rate of less than \$1 per month per room. Nearly 2,000 of them have already been erected.

This new building process will be twice welcome if it prevents the appearance in Tanganyika of those huge industrial shack towns which are breeding crime and racial violence in other parts of Africa.

In the field of economics the important sisal industry of Tanganyika has started a pension system for its African workers. This offers the worker a lifetime job and permanent settlement on an industrial estate with a garden large enough to raise the basic food for his family. In return it gives industry a trained workman who is willing to put in a full day's work.

Previously, the African laborer was given little or no incentive. All he wanted was to work long enough to earn his small hut tax. Then he went back to his hut in the bushes.

¹ Made in the Trusteeship Council on Mar. 9.

² BULLETIN of Mar. 15, 1954, p. 380.

This shifting back and forth between job and bush and the consequent low productivity of labor is described by some as a part of the "rhythm of Africa."

For our part, we do not believe this to be a fair description. And what is more, we understand that the sisal industry itself is beginning to regard the low productivity of Africans as just a natural result of the mistake of management in failing to provide an incentive for its workers.

Mr. President, we have mentioned only housing and wages. We might have mentioned more, but these serve our purpose. They show that Tanganyika is becoming a laboratory for successful experiments which are greatly benefiting its nearly 8 million people and even those beyond its borders. For this, the British administrators deserve great credit.

PUBLICATIONS

Recent Releases

For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington 25, D. C. Address requests direct to the Superintendent of Documents, except in the case of free publications, which may be obtained from the Department of State.

Military Bases in the Philippines. TIAS 2739. Pub. 5118. 5 pp. 5¢.

Agreement between the United States and the Republic of the Philippines, implementing agreement of Mar. 14, 1947, as supplemented. Exchange of notes—Signed at Manila Dec. 29, 1952.

Agriculture, Cooperative Program in Ecuador. TIAS 2740. Pub. 5127. 6 pp. 5¢.

Agreement between the United States and Ecuador, superseding agreement of Jan. 26 and Apr. 16, 1948. Exchange of notes—Signed at Quito May 29, 1952.

Military Obligations of Certain Persons Having Dual Nationality. TIAS 2741. Pub. 5128. 3 pp. 5¢.

Agreement between the United States and France, amending agreement of Dec. 22, 1948. Exchange of notes—Signed at Washington Nov. 18 and Dec. 31, 1952.

Economic Cooperation. TIAS 2742. Pub. 5129. 3 pp. 5¢.

Agreement between the United States and Turkey, amending agreement of July 4, 1948, as amended. Exchange of notes—Signed at Ankara Dec. 30, 1952.

Germany, Industrial Controls. TIAS 2765. Pub. 5131. 2 pp. 5¢.

Agreement between the United States, the United Kingdom of Great Britain and Northern Ireland, and France, amending agreement of Apr. 3, 1951, as amended—Signed at Bonn-Mehlem Dec. 31, 1952.

Technical Cooperation, Industrial Apprenticeship Training Program. TIAS 2748. Pub. 5142. 6 pp. 5¢.

Agreement between the United States and Brazil—Signed at Rio de Janeiro June 30, 1952.

Extending the Long Range Proving Ground for the Testing of Guided Missiles. TIAS 2425. Pub. 5144. 24 pp. World Aeronautical Chart. 30¢.

Agreement between the United States and the Dominican Republic—Signed at Ciudad Trujillo Nov. 26, 1951. Exchange of notes—Signed at Ciudad Trujillo Nov. 26, 1951.

International Traffic in Arms. Regulations Issued on November 25, 1953, by the Secretary of State, Governing Registration and Licensing Under Section 12 of the Joint Resolution Approved November 4, 1939, and Related Laws. Ninth edition. Pub. 5221. General Foreign Policy Series 83. 30 pp. 20¢.

The regulations contained in this pamphlet supersede, as of January 1, 1954, all previous regulations administered by the Secretary of State governing the international traffic in arms, ammunition, and implements of war and other munitions of war.

Our Foreign Policy in Latin America. Four Speeches. Pub. 5285. Inter-American Series 46. 17 pp. 15¢.

This pamphlet contains the following speeches: Falcón Dam—A Monument to Inter-American Cooperation by President Eisenhower; Inter-American Cooperation and Hemisphere Solidarity by John M. Cabot, Assistant Secretary of State for Inter-American Affairs; Strengthening Inter-American Ties by John M. Cabot; Economic Growth and Human Welfare in the Western Hemisphere by Nelson A. Rockefeller, Under Secretary of Health, Education, and Welfare.

Report to the President. United States-Latin American Relations. Pub. 5290. Inter-American Series 47. 23 pp. 15¢.

This is a report to the President by Milton S. Eisenhower, Special Ambassador, and highlights the importance of Latin America and the United States to each other.

Atomic Power for Peace. An address by President Eisenhower. Pub. 5314. General Foreign Policy Series 85. 14 pp. 10¢.

This booklet shows how the "miraculous inventiveness of man shall not be dedicated to his death, but consecrated to his life." The address was made before the General Assembly of the United Nations December 8, 1953.

Agriculture—Cooperative Program in Peru—Additional Financial Contributions. TIAS 2743. Pub. 5130. 4 pp. 5¢.

Agreement between the United States and Peru. Exchange of notes—Signed at Lima January 24 and February 22, 1952.

Aviation—Flights of Military Aircraft. TIAS 2502. Pub. 5153. 7 pp. 10¢.

Agreement between the United States and Honduras. Exchange of notes—Signed at Tegucigalpa January 22, March 20, and April 23, 1952.

Defense—Communications Facilities in Newfoundland. TIAS 2503. Pub. 5154. 4 pp. 5¢.

Agreement between the United States and Canada. Exchange of notes—Signed at Ottawa November 4 and 8, 1952.

Military Assistance—Constabulary Equipment for Indonesia. TIAS 2768. Pub. 5157. 2 pp. 5¢.

Agreement between the United States and Indonesia,

amending agreement of August 15, 1950. Exchange of notes—Dated at Washington January 5, 1953, and at Djakarta January 12, 1953.

Agricultural Experimentation Program. TIAS 2770. Pub. 5159. 4 pp. 5¢.

Agreement between the United States and Peru, extending agreement of April 1, and 9, 1952. Exchange of notes—Signed at Lima January 13 and 26, 1953.

Relief Supplies and Packages—Reimbursement of Ocean Freight Charges. TIAS 2749. Pub. 5168. 10 pp. 10¢.

Agreement between the United States and China. Exchange of notes—Dated at Taipei October 20 and December 12, 1952.

Relief From Taxation on Defense Expenditures. TIAS 2477. Pub. 5233. 2 pp. 5¢.

Agreement between the United States and Japan. Exchange of notes—Signed at Tokyo July 14 and 25, 1952.

Mutual Defense Assistance—Reciprocal Procurement Rights for Military Supplies or Services. TIAS 2480. Pub. 5258. 2 pp. 5¢.

Agreement between the United States and Sweden. Exchange of notes—Signed at Stockholm June 30 and July 1, 1952.

Naval Mission to Ecuador. TIAS 2478. Pub. 5257. 3 pp. 5¢.

Agreement between the United States and Ecuador extending agreement of December 12, 1940, as modified and extended—Signed at Washington Feb. 7 and Apr. 18, 1951.

Technical Cooperation. TIAS 2479. Pub. 5260. 8 pp. 10¢.

Agreement between the United States and Egypt—Signed at Cairo May 5, 1951; and exchange of notes—Signed at Cairo Feb. 21 and 25, 1952.

Assignment of Air Force Liaison Officers to Mexico. TIAS 2482. Pub. 5325. 2 pp. 5¢.

Agreement between the United States and Mexico extending agreement of July 5, 1949; Effected by exchange of notes—Signed at Washington Sept. 4 and Oct. 19, 1951.

Mutual Security—Assurances Under Mutual Security Act of 1951. TIAS 2613. Pub. 5147. 5 pp. 5¢.

Exchange of notes between the United States and Laos—Dated at Vientiane Dec. 18 and 31, 1951.

Technical Cooperation—Assurances Under Mutual Security Act of 1951. TIAS 2626. Pub. 5185. 4 pp. 5¢.

Exchange of notes between the United States and Brazil—Signed at Rio de Janeiro Jan. 8, 1952.

Technical Cooperation—Assurances Under Mutual Security Act of 1951. TIAS 2631. Pub. 5182. 7 pp. 10¢.

Exchange of notes between the United States and El Salvador—Signed at San Salvador Dec. 11, 1951, and Jan. 7, 1952 with related note—Signed Jan. 25, 1952.

Technical Cooperation—Economic Development. TIAS 2637. Pub. 5167. 9 pp. 10¢.

Exchange of notes between the United States and Iran—Signed at Tehran Jan. 19 and 20, 1952, and exchange of notes—Dated Jan. 4 and 5, 1952.

Technical Cooperation—Assurances Under Mutual Security Act of 1951. TIAS 2638. Pub. 5181. 4 pp. 5¢.

Exchange of notes between the United States and Iraq—Dated at Baghdad Dec. 18, 1951, and Feb. 21, 1952.

American Principles. The Foundations of American Attitudes (Matthews) 434

American Republics

Secretary Dulles Returns From Caracas Conference (text of statement) 429

Intervention of International Communism in the Americas (texts of Dulles statements and declaration) 419

Pan-American Economic Relations (Dulles, Waugh) 426

Belgium. Belgian Action on Epc (Dulles) 433

Communism. Intervention of International Communism in the Americas (texts of Dulles statements and declaration) 419

Credence, Letters of

Austria (Gruber) 443

Ceylon (Gunewardene) 443

Economic Affairs

Commercial Treaty With Israel 442

Pan-American Economic Relations (Dulles, Waugh) 426

Far East. America, Japan, and the Future of the Pacific (Murphy) 430

Greece. Greece and Free World Defense (Byroade) 439

Hungary. Hungarian Plane Case in International Court of Justice 449

International Organizations and Meetings

Secretary Dulles Returns From Caracas Conference (text of statement) 429

Intervention of International Communism in the Americas (texts of Dulles statements and declaration) 419

Pan-American Economic Relations (Dulles, Waugh) 426

Israel. Commercial Treaty With Israel 442

Military Affairs. Greece and Free World Defense (Byroade) 439

Mutual Security

America, Japan, and the Future of the Pacific (Murphy) 430

Belgian Action on Epc (Dulles) 433

The Middle East and South Asia—the Problem of Security (Jeruegan) 444

The Netherlands

Epc Protocol to North Atlantic Treaty (Smith) 433

The Foundations of American Attitudes (Matthews) 434

Pakistan. The Middle East and South Asia—the Problem of Security (Jernegan) 444

Protection of Nationals and Property. Hungarian Plane Case in International Court of Justice 449

Publications. Recent releases 453

Tanganyika. Administration of Tanganyika (Sears) 453

Treaty Information

Commercial Treaty With Israel 442

Epc Protocol to North Atlantic Treaty (Smith) 433

Turkey. The Middle East and South Asia—the Problem of Security (Jeruegan) 444

U.S.S.R. Hungarian Plane Case in International Court of Justice 449

United Nations

Administration of Tanganyika (Sears) 453

Review of the U.N. Charter (Lodge) 451

Name Index

Byroade, Henry A. 439

Dulles, Secretary 419, 426, 429, 433

Gruber, Karl 443

Gunewardene, R. S. S. 443

Jernegan, John D. 444

Lodge, Henry Cabot, Jr. 451

Matthews, H. Freeman 434

Murphy, Robert 430

Phleger, Herman 449

Sears, Mason 453

Smith, Walter Bedell 433

Waugh, Samuel C. 426

Check List of Department of State Press Releases: March 8-14

Releases may be obtained from the News Division, Department of State, Washington 25, D. C.

Press releases issued prior to March 8 which appear in this issue of the BULLETIN are Nos. 104 of March 3, 107 of March 4, 111 and 113 of March 5, and 114 of March 6.

No.	Date	Subject
†117	3/8	Communique on agreement with Japan
†118	3/8	Text of MDA agreement with Japan
†119	3/8	Allison: Signing of agreement
120	3/8	Dutch ratification of Epc protocol
121	3/8	Dulles: Statement at Caracas
122	3/9	Murphy: America, Japan, the Pacific
†123	3/9	Murphy: Europe's importance
*124	3/9	Murphy: Problems of world relations
125	3/10	Ceylon: Letters of credence (re-write)
126	3/10	Austria: Letters of credence (re-write)
127	3/10	Waugh: Hemisphere economic relations
128	3/10	Dulles: Economic welfare
†129	3/10	Migrant labor agreement
130	3/12	Dulles: Communist intervention
131	3/13	Belgian action on Epc
133	3/14	Dulles: Return from Caracas

* Not printed.

† Held for a later issue of the BULLETIN.



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Vol. XXX, No. 770

March 29, 1954



POLICY FOR SECURITY AND PEACE ● <i>Article by Secretary Dulles</i>	459
WESTERN UNITY—CORNERSTONE OF FREE WORLD DEFENSE ● <i>by Deputy Under Secretary Murphy</i>	473
SECURITY IN THE DEPARTMENT OF STATE ● <i>by Scott McLeod</i>	469
OUR PARTNERSHIP WITH SPAIN ● <i>by Ambassador James Clement Dunn</i>	476
EXCERPT FROM THE PRESIDENT'S MUTUAL SECURITY REPORT TO THE CONGRESS	484

For index see inside back cover



The Department of State bulletin

VOL. XXX, No. 770 • PUBLICATION 5410

March 29, 1954

The Department of State BULLETIN, a weekly publication issued by the Public Services Division, provides the public and interested agencies of the Government with information on developments in the field of foreign relations and on the work of the Department of State and the Foreign Service. The BULLETIN includes selected press releases on foreign policy, issued by the White House and the Department, and statements and addresses made by the President and by the Secretary of State and other officers of the Department, as well as special articles on various phases of international affairs and the functions of the Department. Information is included concerning treaties and international agreements to which the United States is or may become a party and treaties of general international interest.

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Policy for Security and Peace

by Secretary Dulles¹

Since World War II, the United States has faced the difficult task of finding policies which would be adequate for security and peace and at the same time compatible with its traditions. Never before has a great nation been called upon to adjust its thinking and its action so radically in so short a period.

During the 19th century the maintenance of peace and order depended largely on Great Britain, with its Navy and the system of naval bases which enabled it to operate with mobility and flexibility throughout the world. By suitable commercial, investment, and monetary policies, Great Britain and other nations with surplus capital stimulated economic growth in underdeveloped areas. The French Revolution had aroused men to respect and promote human rights and fundamental freedoms. The United States also made its contribution. Our people devoted their energies largely to domestic matters, not because they lacked concern for others but believing that what our founders called "the conduct and example" of freedom would exert a liberating influence everywhere. In fact, it did so. The "great American experiment" was a source of hope and inspiration to men everywhere, and especially to those living under despotism. Our dynamic example of freedom drew many to our shores and inspired others, in the Old World and the New, to emulate our course.

All of these influences contributed to giving the world relative peace and security for the 100 years between the ending of the Napoleonic wars and the beginning of the First World War. During this period there were many advances in the practice of political liberty, and generally throughout the world there was a great advance in material and social well-being.

The events of the 20th century, and especially the two World Wars and their aftermaths, have created an entirely new situation. In large measure the United States has inherited a responsibility for leadership which, in the past, has been

shared by several nations. Today there rests upon us, to a unique degree, the threefold task of providing insurance against another world war; of demonstrating the good fruits of freedom which undermine the rule of despots by contrast; and of providing a major part of the effort required for the healthy growth of underdeveloped areas.

The Eisenhower administration inherited security policies that had much worth. Many of these policies were bipartisan in character. They reflected a national recognition of the peril facing the civilized world, a united determination to meet it, and an acceptance of the role of leadership thrust on us by events. We had helped to reestablish the economies of other countries shattered by the war. We had taken a major part in resisting the aggression in Korea. In the face of the Soviet threat we were engaged in rebuilding our military strength and that of other free countries.

These and like measures were costly. But they were necessary to our security. However, they partook much of an emergency character. By 1953 there was need to review our security planning and to adjust our continuing military effort to the other requirements of a well-rounded, permanent policy.

Under the conditions in which we live, it is not easy to strike a perfect balance between military and nonmilitary efforts and to choose the type of military effort which serves us best. The essential is to recognize that there is an imperative need for a balance which holds military expenditures to a minimum consistent with safety, so that a maximum of liberty may operate as a dynamic force against despotism. That is the goal of our policy.

The Nature of the Threat

The threat we face is not one that can be adequately dealt with on an emergency basis. It is a threat that may long persist. Our policies must be adapted to this basic fact.

The Soviet menace does not reflect the ambitions of a single ruler and cannot be measured by his life expectancy. There is no evidence that basic

¹Article prepared for publication in the April issue of *Foreign Affairs* (press release 139 dated Mar. 16).

Soviet policies have been changed with the passing of Stalin. Indeed, the Berlin conference of last February gave positive evidence to the contrary. The Soviet Communists have always professed that they are planning for what they call "an entire historical era."

The assets behind this threat are vast. The Soviet bloc of Communist-controlled countries—a new form of imperialist colonialism—represents a vast central land mass with a population of 800 million. About 10 million men are regularly under arms, with many more trained millions in reserve. This land force occupies a central position which permits of striking at any one of about 20 countries along a perimeter of some 20 thousand miles. It is supplemented by increasing air power, equipped with atomic weapons, able to strike through northern Arctic routes which bring our industrial areas in range of quick attack.

The threat is not merely military. The Soviet rulers dispose throughout the world of the apparatus of international communism. It operates with trained agitators and a powerful propaganda organization. It exploits every area of discontent, whether it be political discontent against "colonialism" or social discontent against economic conditions. It seeks to harass the existing order and pave the way for political coups which will install Communist-controlled regimes.

By the use of many types of maneuvers and threats, military and political, the Soviet rulers seek gradually to divide and weaken the free nations and to make their policies appear as bankrupt by overextending them in efforts which, as Lenin put it, are "beyond their strength." Then, said Lenin, "our victory is assured." Then, said Stalin, will be the "moment for the decisive blow."

It is not easy to devise policies which will counter a danger so centralized and so vast, so varied and so sustained. It is no answer to substitute the glitter of steel for the torch of freedom.

An answer can be found by drawing on those basic concepts which have come to be regularly practiced within our civic communities. There we have almost wholly given up the idea of relying primarily on house-by-house defense. Instead, primarily reliance is placed upon the combining of two concepts, namely, the creation of power on a community basis and the use of that power so as to deter aggression by making it costly to an aggressor. The free nations must apply these same principles in the international sphere.

Community Defense

The cornerstone of security for the free nations must be a collective system of defense. They clearly cannot achieve security separately. No single nation can develop for itself defensive power of adequate scope and flexibility. In seeking to do so, each would become a garrison state and none would achieve security.

This is true of the United States. Without the cooperation of allies, we would not even be in a position to retaliate massively against the war industries of an attacking nation. That requires international facilities. Without them, our air striking power loses much of its deterrent power. With them, strategic air power becomes what Sir Winston Churchill called the "supreme deterrent." He credited to it the safety of Europe during recent years. But such power, while now a dominant factor, may not have the same significance forever. Furthermore, massive atomic and thermonuclear retaliation is not the kind of power which could most usefully be evoked under all circumstances.

Security for the free world depends, therefore, upon the development of collective security and community power rather than upon purely national potentials. Each nation which shares the security should contribute in accordance with its capabilities and facilities. The Inter-American Treaty of Reciprocal Assistance (Rio Pact) of 1947 set a postwar example in establishing the principle that an armed attack against one would be considered as an attack against all. The North Atlantic Treaty is based on the same principle. Its members have gone much further in organizing joint forces and facilities as a part of the integrated security system. NATO provides essential air and naval bases, to which its various members can contribute—each according to its means and capabilities. It provides the planes and ships and weapons which can use these bases. It provides so many points from which an aggressor could be harassed, in so many different ways, that he cannot prudently concentrate his forces for offense against a single victim.

While NATO best exemplifies this collective security concept, there are other areas where the same concept is evolving, although as yet in a more rudimentary form. An example is the Western Pacific, where the United States has a series of collective security treaties which now embrace Australia, New Zealand, the Philippines, Japan, and Korea. Collective arrangements are now in the making in the Middle East, with Turkey-Pakistan as the nucleus. These developments show the growing acceptance of the collective security concept we describe.

The United Nations is striving to make collective security effective on a basis broader than regionalism. The central principle of the charter is that any armed attack is of universal concern and calls for collective measures of resistance. The Soviet Union, by its veto power, has made it impractical, as yet, to make available to the Security Council the "armed forces, assistance, and facilities" contemplated by article 43 of the charter. When aggression occurred in Korea, however, the principle of collective action was invoked by the United Nations and acted on by more

than a majority of the members, including 16 which sent armed forces to Korea to repel the aggression. The "Uniting for Peace" Resolution, adopted by the General Assembly in November 1950, grew out of that experience. That resolution will enable members of the United Nations to join in carrying out similar collective measures against any future aggression without being blocked by a Soviet veto.

The free world system of bases is an integral part of its collective security. At the recent Four Power Conference in Berlin, Mr. Molotov repeatedly attacked these bases as evidence of aggressive purpose. Actually these bases on the territory of other sovereign countries are merely a physical expression of the collective security system. They were constructed only at the request of the host nation and their availability depends upon its consent, usually as a legal condition and always as a practical one. The requisite consent to the use of these bases would never be accorded unless it was clear that their use was in response to open aggression, and reasonably related to its scope and nature. This gives assurance of their community function.

Thus the free world has practical means for achieving collective security both through the United Nations and the various regional arrangements already referred to.

The Strategy To Deter Aggression

The question remains: How should collective defense be organized by the free world for maximum protection at minimum cost? The heart of the problem is how to deter attack. This, we believe, requires that a potential aggressor be left in no doubt that he would be certain to suffer damage outweighing any possible gains from aggression.

This result would not be assured, even by collective measures, if the free world sought to match the potential Communist forces, man for man and tank for tank, at every point where they might attack. The Soviet-Chinese bloc does not lack manpower and spends it as something that is cheap. If an aggressor knew he could always prescribe the battle conditions that suited him and engage us in struggles mainly involving manpower, aggression might be encouraged. He would be tempted to attack in places and by means where his manpower superiority was decisive and where at little cost he could impose upon us great burdens. If the free world adopted that strategy, it could bankrupt itself and not achieve security over a sustained period.

The free world must devise a better strategy for its defense, based on its own special assets. Its assets include, especially, air and naval power and atomic weapons which are now available in a wide range, suitable not only for strategic bombing but also for extensive tactical use. The free

world must make imaginative use of the deterrent capabilities of these new weapons and mobilities and exploit the full potential of collective security. Properly used, they can produce defensive power able to retaliate at once and effectively against any aggression.

To deter aggression, it is important to have the flexibility and the facilities which make various responses available. In many cases, any open assault by Communist forces could only result in starting a general war. But the free world must have the means for responding effectively on a selective basis when it chooses. It must not put itself in the position where the only response open to it is general war. The essential thing is that a potential aggressor should know in advance that he can and will be made to suffer for his aggression more than he can possibly gain by it. This calls for a system in which local defensive strength is reinforced by more mobile deterrent power. The method of doing so will vary according to the character of the various areas.

Some areas are so vital that a special guard should and can be put around them. Western Europe is such an area. Its industrial plant represents so nearly the balance of industrial power in the world that an aggressor might feel that it was a good gamble to seize it, even at the risk of considerable hurt to himself. In this respect, Western Europe is exceptional. Fortunately, the West European countries have both a military tradition and a large military potential, so that through a European Defense Community, and with support by the United States and Britain, they can create an adequate defense of the Continent.

Most areas within the reach of an aggressor offer less value to him than the loss he would suffer from well-conceived retaliatory measures. Even in such areas, however, local defense will always be important. In every endangered area there should be a sufficient military establishment to maintain order against subversion and to resist other forms of indirect aggression and minor satellite aggressions. This serves the indispensable need to demonstrate a purpose to resist, and to compel any aggressor to expose his real intent by such serious fighting as will brand him before all the world and promptly bring collective measures into operation. Potential aggressors have little respect for peoples who have no will to fight for their own protection or to make the sacrifices needed to make that fighting significant. Also, they know that such peoples do not attract allies to fight for their cause. For all of these reasons, local defense is important. But in such areas the main reliance must be on the power of the free community to retaliate with great force by mobile means at places of its own choice.

A would-be aggressor will hesitate to commit aggression if he knows in advance that he thereby

not only exposes those particular forces which he chooses to use for his aggression, but also deprives his other assets of "sanctuary" status. That does not mean turning every local war into a world war. It does not mean that, if there is a Communist attack somewhere in Asia, atom or hydrogen bombs will necessarily be dropped on the great industrial centers of China or Russia. It does mean that the free world must maintain the collective means and be willing to use them in the way which most effectively makes aggression too risky and expensive to be tempting.

It is sometimes said that this system is inadequate because it assures an invaded country only that it will eventually be liberated and the invader punished. That observation misses the point. The point is that a prospective attacker is not likely to invade if he believes the probable hurt will outbalance the probable gain. A system which compels potential aggressors to face up to that fact indispensably supplements a local defensive system.

Practical Applications

We can already begin to see applications of these policies.

In Korea the forces fighting aggression had been so closely limited that they were forbidden even to apply the doctrine of "hot pursuit" in relation to enemy planes that were based across the Yalu. The airfields from which attacks were mounted were immune, as were the lines and sources of their supply. The fighting there was finally stopped last July on terms which had been proposed many months before. That result was achieved, at least in part, because the aggressor, already denied territorial gains, was faced with the possibility that the fighting might, to his own great peril, soon spread beyond the limits and methods which he had selected, to areas and methods that we would select. In other words, the principle of using methods of our choice was ready to be invoked, and it helped to stop the war which the enemy had begun and had pursued on the theory that it would be a limited war, at places and by means of its choosing.

The 16 members of the United Nations who fought in Korea have invoked the same principle. They have given public notice that if the Communists were to violate the armistice and renew the aggression, the response of the United Nations Command would not necessarily be confined to Korea.² Today, if aggression were resumed, the United Nations Command would certainly feel free to inflict heavy damage upon the aggressor beyond the immediate area which he chose for his aggression. That need not mean indulging in atomic warfare throughout Asia. It should not be stated in advance precisely what would be the

scope of military action if new aggression occurred. That is a matter as to which the aggressor had best remain ignorant. But he can know and does know, in the light of present policies, that the choice in this respect is ours and not his.

In relation to Indochina, the United States has publicly stated that if there were open Red Chinese Army aggression there, that would have "grave consequences which might not be confined to Indochina."³

On December 26, 1953, President Eisenhower made an important statement which clearly reflected our present policy as applied to Asia.⁴ He announced a progressive reduction of United States ground forces in Korea. However, he went on to point out that United States military forces in the Far East will now feature "highly mobile naval, air, and amphibious units"; and he added that in this way, despite some withdrawal of land forces, the United States will have a capacity to oppose aggression "with even greater effect than heretofore." In the same month the United States reaffirmed its intent to maintain in Okinawa the rights made available to us by the Japanese peace treaty. This location is needed to insure striking power to implement the collective security concept.

In Europe, our intentions are primarily expressed by the North Atlantic Treaty. Following the aggression in Korea of June 1950, the treaty members proceeded to an emergency buildup of military strength in Western Europe. The strength built between 1950 and 1953 has served well the cause of peace. But by 1953, it did not seem necessary to go on at the original pace.

At the April 1953 meeting of the NATO Council, the United States put forward a new concept, now known as that of the "long haul." It meant a steady development of defensive strength at a rate which would preserve and not exhaust the economic strength of our allies and ourselves. This would be reinforced by the availability of new weapons of vastly increased destructive power and by the striking power of an air force based on internationally agreed positions. President Eisenhower is now seeking an amendment of the present law to permit a freer exchange of atomic information with our NATO allies.

When we went back to the NATO Council meeting of last December, we found that there was general acceptance of the "long haul" concept. The result is that most of our NATO allies are now able to achieve budgetary and economic stability, without large dependence on our economic aid.

The growing free-world defensive system, supported by community facilities and coupled with adequate policies for their use, reflects the nearest approach that the world has yet made to a

² BULLETIN of Aug. 24, 1953, p. 247.

³ *Ibid.*, Sept. 14, 1953, p. 342.

⁴ *Ibid.*, Jan. 4, 1954, p. 14.

means to achieve effective defense at minimum cost.

The Current Military Program

One of the basic tasks of the new administration has been to review our military program in the light of the foregoing policies.

In the years 1945-53, our military programs went through wide fluctuations which hindered orderly and efficient administration. During the first part of this period, the policy was to reduce the military establishment drastically. During the latter part of the period, the policy was to increase the military establishment rapidly. During both the decrease and the increase the military budget reflected the so-called "balance of forces" concept. In practical terms, this meant splitting the available funds into three roughly equal slices for the Army, Navy, and Air Force.

When the Eisenhower administration took office, our national security programs, at home and abroad, were costing over \$50 billion a year, and were planned at about \$55 billion for the next year. Budgetary deficits were of the order of \$10 billion, despite taxes comparable to wartime taxes. Inflation was depreciating the purchasing power of the dollar. Our allies were similarly burdened.

The American people have repeatedly shown that they are prepared to make whatever sacrifices are really necessary to insure our national safety. They would no doubt support military expenses at the levels which their government told them were required for security, even at the cost of budget deficits, resultant inflationary pressures, and tax levels which would impair incentives. But the patriotic will to sacrifice is not something to be drawn upon needlessly. Government has the high duty to seek resourcefully and inventively the ways which will provide security without sacrificing economic and social welfare. The security policies we here describe make possible more selective and more efficient programs in terms of the composition of forces and of procurement.

The new administration has sought to readjust, in an orderly way, the program for the military forces. Before this could be done, it was necessary to clarify the extent of our reliance on collective security; to define more clearly our basic strategy both in Europe and the Far East; to reassert our freedom of action in repelling future aggression; to assess the impact of newer types of weapons; and to relate the composition and size of our ready and potential forces to all these factors.

Inevitably this has taken time. It has required a series of difficult basic decisions by the President with the advice of the National Security Council and with supporting decisions by the Department of State, the Department of Defense,

and the Treasury Department. It has been necessary to exchange views with congressional leaders and our principal allies and to inform world opinion so that neither our friends nor our enemies abroad would misinterpret what we were doing. By now, however, the new course is charted and is guiding our military planning. As a result, it is now possible to get, and share, more basic security at less cost. That is reflected in the budget which the President has submitted for the 1955 fiscal year. In this budget, national security expenditures for fiscal year 1955 will amount to \$45 billion as compared with \$50 billion for 1953 and \$49 billion for 1954.

Initially this reshaping of the military program was misconstrued in various respects. Some suggested that the United States intended to rely wholly on large-scale strategic bombing as the sole means to deter and counter aggression. What has already been said should dispose of this erroneous idea. The potential of massive attack will always be kept in a state of instant readiness, and our program will retain a wide variety in the means and scope for responding to aggression. Others interpreted the program as a move away from collective security. The exact opposite is the case, as has been shown. Our policies are based squarely on a collective security system and depend for their success on its continuing vitality. Still others feared that we intended to withdraw our forces from abroad in the interest of mobility. Now that the fighting is ended in Korea, our forces in the Far East will be reduced in numbers, as has previously been announced, but the kind of force that remains will have great striking power. Moreover, the program does not mean that we intend to pull our forces out of Europe. It is, of course, essential that the continental nations themselves provide a harmonious nucleus of integrated defense. If they do so, the United States would expect to maintain substantial forces of its own in Europe, both in support of the forward strategy of defense and for political reasons.

Another consequence of our new policies is that it has become practicable to reduce our economic aid to our allies. The technical assistance program will go on and economic aid is not wholly excluded. There are still some places near the Soviet orbit where the national governments cannot maintain adequate armed forces without help from us. That is notably so in the Middle and Far East. We have contributed largely ungrudgingly, and I hope constructively, to end aggression and advance freedom in Indochina. The stakes there are so high that it would be culpable not to contribute to the forces struggling to resist Communist oppression.

But broadly speaking, economic aid in the form of grants is on its way out as a major element of our foreign policy. This is highly desirable from many standpoints. It helps to make our own budget more manageable and it promotes more

self-respecting international relationships. That is what our allies want. Trade, broader markets, and a flow of investment are far more healthy than intergovernmental grants-in-aid. It is, of course, important that we do actually develop these mutually advantageous substitutes for "aid." To do so is one of the major objectives of the Eisenhower administration. It is an essential component of the overall policies already described.

In the ways outlined, the United States and its allies gather strength for the long-term defense of freedom.

Our National Purpose

We do not, of course, claim to have found some magic formula that insures against all forms of Communist successes. Despotism is entrenched as never before. It remains aggressive, particularly in Asia. In Europe, its purposes remain expansive, as shown by Mr. Molotov's plans at the Berlin conference for Germany, Austria, and all Europe. However, time and fundamentals will work for us, if only we will let them.

The dictators face an impossible task when they set themselves to suppress, over a vast area and for a long time, the opportunities which flow from freedom. We can be sure that there is going on, even within the Soviet Empire, a silent test of strength between the powerful rulers and the multitudes of human beings. Each individual seems by himself to be helpless in this struggle. But their aspirations in the aggregate make up a mighty force. There are some signs that the Soviet rulers are, in terms of domestic policy, bending to some of the human desires of their people. There are promises of more food, more household goods, more economic freedom. This does not prove that the dictators have themselves been converted. It is rather that they may be dimly perceiving that there are limits to their power indefinitely to suppress the human spirit.

That is a truth which should not be lost sight of as we determine our own policies. Our national purpose is not merely to survive in a world fraught with appalling danger. We want to end this era of danger. We shall not achieve that result merely by developing a vast military establishment. That serves indispensably to defend us and to deter attack. But the sword of Damocles remains suspended. The way to end the peril peacefully is to demonstrate that freedom produces not merely guns, but the spiritual, intellectual, and material richness that all men want.

Such are the guiding principles we invoke. We have confidence that if our Nation perseveres in applying them, freedom will again win the upper hand in its age-long struggle with despotism, and that the danger of war will steadily recede.

Foreign Policy and National Security

*Statement by Secretary Dulles*¹

I am glad to discuss with you the present state of our foreign policy and its relation to our military programs.

I

The central goal of our policy is peace with freedom and security. The menace of Soviet bloc despotism, which now holds in its grip one-third of the world's peoples, presents the most serious danger that has ever confronted us. The main aspects of this threat are apparent.

1. The Soviet rulers seem to feel secure only in a world of conformity dominated by them. Partly, no doubt, they are driven by lust for power. But to a considerable extent, I believe, they are driven by fear of freedom. To them freedom is a threat to be stamped out wherever it approaches their world.

2. The Soviet bloc possesses what is in many ways the most formidable military establishment the world has ever known. Its great strength is manpower, but also it is strong in terms of planes, submarines, and atomic capabilities. This vast empire dominates the central Eurasian land mass extending from the River Elbe in Germany to the Pacific. From within an orbit of 20,000 miles, it could strike by land at any one of approximately 20 states of Europe, the Middle East, and Asia, and by air it could strike the North American Continent.

3. Nor is the threat only military. It also commands a political apparatus which operates in every country of the world, seeking to capitalize upon all of the discontents and unsatisfied ambitions which inevitably exist in greater or less degree throughout the free world.

4. The threat is virtually unlimited so far as time is concerned. Soviet communism operates not in terms of an individual lifetime so that the threat will end with someone's death. It operates in terms of what Lenin and Stalin called "an entire historical era."

II

To meet that military threat requires on our side a strategy which is both well-conceived and well-implemented. This military defense must be within the capacity of the free world to sustain it for an indefinite time without such impairment of its economic and social fabric as would expose it to piecemeal seizure from within by the political apparatus of communism.

This calls for thinking and planning which is imaginative; which takes maximum possible ad-

¹ Made before the Senate Foreign Relations Committee on Mar. 19 (press release 149).

vantage of the special resources of the free nations; and which is steadily developed and adapted to changing conditions. The fundamental aim of our national security policies is to deter aggression and thereby avert a new war. The essentials of this problem may be briefly summarized as follows:

1. The free nations can achieve security only by a collective system of defense. No single nation can develop alone adequate power to deter Soviet bloc aggression against its vital interests. By providing joint facilities and by combining their resources, the free nations can achieve a total strength and a flexibility which can surpass that of any potential enemy and can do so at bearable cost.

This collective security concept is the most highly developed in NATO. But it also embodied in the Rio Pact of 1947 and, in more limited form, in various security arrangements in the Far East. The Turkey-Pakistan agreement marks the beginning of applying the collective security concept in the Middle East. The United Nations is moving in the same direction, as shown by its "Uniting for Peace" Resolution.

2. In organizing their collective defense, the free nations should not attempt to match the Soviet bloc man for man and gun for gun. The best way to deter aggression is to make the aggressor know in advance that he will suffer damage outweighing what he can hope to gain. Thus an aggressor must not be able to count upon a sanctuary status for those resources which he does not use in committing aggression.

3. To apply this deterrent principle the free world must maintain and be prepared to use effective means to make aggression too costly to be tempting.

It must have the mobility and flexibility to bring collective power to bear against an enemy on a selective or massive basis as conditions may require. For this purpose its arsenal must include a wide range of air, sea, and land power based on both conventional and atomic weapons. These new weapons can be used not only for strategic purposes but also for tactical purposes. The greatest deterrent to war is the ability of the free world to respond by means best suited to the particular area or circumstances. There should be a capability for massive retaliation without delay. I point out that the possession of that capacity does not impose the necessity of using it in every instance of attack. It is not our intention to turn every local war into a general war.

4. The magnitude and duration of the present danger and the need for flexibility of means to deter that danger make it vital to the United States, as never before, that it have firm allies. A firm alliance depends not merely upon documents, although these may be important. There must also be trust, understanding, and good will as be-

tween the free nations. This implies not merely military commitments, but good economic and cultural relations as well. It is not charity on the part of the United States to be concerned with the economic health of other nations which help to support the basic strategy I describe. Neither is their good will a matter to which we can be indifferent. All of this means that foreign policy has assumed, as never before, a vital importance for the security of the United States.

In the long haul the United States has a profound interest in insuring that its allies and the uncommitted areas of the free world are able to maintain viable economic and political systems. That is why our foreign economic policy means so much to our own security.

Secretary Dulles Offers Atomic Energy Proposal

Press release 148 dated March 19

Secretary Dulles met today with Soviet Ambassador Zarubin for a continuation of the talks which have been under way since January on the subject of the atomic-energy proposals made by President Eisenhower before the U.N. General Assembly on December 8, 1953.¹

Prior to the Berlin conference the Secretary had discussed procedural matters relating to this subject with the Soviet Ambassador in Washington. This subject was further pursued in two private talks in Berlin between the Secretary and Soviet Foreign Minister Molotov.

In these talks at Berlin it was agreed that the U.S. Government for its part would shortly transmit to the Soviet Government in writing a concrete plan to further the peaceful development and use of atomic energy. This proposal has now been prepared by the U.S. Government in consultation with other friendly governments concerned. A copy of the proposal was handed today to the Soviet Ambassador by the Secretary.

The Soviet Government has also transmitted to the U.S. Government certain proposals in connection with the general subject of atomic matters. These proposals are under study.

Letters of Credence

Japan

The newly appointed Ambassador of Japan, Sadao Iguchi, presented his credentials to the President on March 16. For the text of the Ambassador's remarks and the text of the President's reply, see Department of State press release 137.

¹ BULLETIN of Dec. 21, 1953, p. 847.

Reported Atomic Injuries To Be Investigated

Press release 144 dated March 17

The U.S. Government is concerned over reports that several Japanese fishermen have suffered injury in the course of atomic tests in the Marshall Islands. The U.S. Government is conducting an investigation, in cooperation with Japanese authorities, of all the facts in this case in order to determine how this regrettable accident occurred despite precautions taken, including warnings given over a wide area.

The Declaration of Caracas and the Monroe Doctrine

News Conference Statement by Secretary Dulles

Press release 138 dated March 16

I returned last Sunday from Caracas after 2 weeks of attendance at the Tenth Inter-American Conference. The Conference is still in session. It has many important matters to deal with, particularly in the social and economic field. Already, however, the Conference has made history by adopting with only one negative vote a declaration that, if the international communism movement came to dominate or control the political institutions of any American State, that would constitute a threat to the sovereignty and political independence of all the American States and would endanger the peace of America.¹

That declaration reflects the thinking of the early part of the nineteenth century. At that time, Czarist Russia was aggressive. Czar Alexander had made a claim to sovereignty along the West Coast of this Continent and had organized the so-called Holy Alliance which was plotting to impose the despotic political system of Russia and its allies upon the American Republics, which had just won their freedom from Spain.

In 1823, President Monroe, in his message to Congress, made his famous declaration. It contained two major points. The first related to the colonial system of the allied powers of Europe and declared that any extension of their colonial system in this hemisphere would be dangerous to our peace and safety. The second part of the declaration referred to the extension to this hemisphere of the political system of despotism then represented by Czarist Russia and the Holy Alliance. President Monroe declared that "it is impossible that the allied powers should extend their

political system to any portion of either continent without endangering our peace and happiness. It is equally impossible, therefore, that we should behold such interposition, in any form, with indifference."

The first part of President Monroe's declaration against extending the European colonial system in this hemisphere has long since been accepted and made an all-American policy by concerted action of the American States. However, the same could not be said of President Monroe's declaration against the extension to this hemisphere of a European despotic system. It seemed to me, as I planned for the Caracas conference, that the threat which stems from international communism is a repetition in this century of precisely the kind of danger against which President Monroe had made his famous declaration 130 years ago. It seemed of the utmost importance that, just as part of the Monroe declaration had long since been turned from a unilateral declaration into a multilateral declaration of the American States, so it would be appropriate for the American States to unite to declare the danger to them all which would come if international communism seized control of the political institutions of any American State.

That matter was debated at Caracas for 2 weeks and a declaration in the sense proposed by the United States was adopted by a vote of 17 to 1, with 2 abstentions.

I believe that this action, if it is properly backed up, can have a profound effect in preserving this hemisphere from the evils and woes that would befall it if any one of our American States became a Soviet Communist puppet. That would be a disaster of incalculable proportions. It would disrupt the growing unity of the American States which is now reflected by the Charter of the Americas and by the Rio Treaty of Reciprocal Assistance.

It was time that we should have acted as we did because international communism is making great efforts to extend its political control to this hemisphere. The declaration adopted at Caracas, and particularly the sentiments which were expressed during the course of the debate, show an awareness of the danger and a resolution to meet it.

It is significant of the vitality of our American system that no one of the American Republics, even the most powerful, wanted to deal single-handedly with the danger, but that it was brought to the Inter-American Conference table as a matter of common concern. Furthermore, the declaration, as adopted, contained in substance the words of President Eisenhower, expressed in his great peace address of April 16, 1953, that the declaration "is designed to protect and not to impair the inalienable right of each American State freely to choose its own form of government and economic system and to live its own social and cultural life."

¹ For text, see BULLETIN of Mar. 22, 1954, p. 420.

U.S.-Mexican Agreement on Farm Labor

Press release 129 dated March 10

JOINT STATEMENT

Following is the text of a joint statement made on March 10 by the Department of State and the Mexican Ministry of Foreign Relations:

Today at 8:00 p. m., e. s. t. in Mexico City, an exchange of notes took place between the Ministry of Foreign Relations and the United States Embassy which the two Governments consider as an agreement between them. This agreement renews from this date and until December 31, 1955, the Migrant Labor Agreement of 1951, as amended on May 19, 1952, and as now modified by the terms of the joint interpretations and amendments in the notes under reference.

In view of this agreement, the two governments wish to express their mutual satisfaction at having reached an amicable understanding, as a result of which the problem of temporary emigration of Mexican agricultural workers to the United States will continue to be governed by a mutually satisfactory bilateral agreement.

SUMMARY OF PRINCIPAL POINTS

The notes exchanged between the United States and Mexican Governments in Mexico City on March 10 renewed the Migrant Labor Agreement of 1951 until December 31, 1955. They also clarified the agreement and brought about certain changes which were mutually deemed necessary to improve the operation of the agreement and to reduce the flow of illegal workers into the United States. Principal provisions of the new understanding are as follows:

1. Wages paid to Mexican workers in the United States under the agreement may not be less than the prevailing wages for domestic laborers performing the same activity in the same area of employment as determined by the United States Secretary of Labor. Provision is made for the Mexican Government to protest and present evidence where it believes the wage determination to be inaccurate.

2. The contracting of workers will not be interrupted during investigation and solution of differences which might arise in connection with the operation of the program.

3. Subsistence allowances for Mexican workers are to be established at rates adequate to meet the

cost in the area of employment of diets which the United States Department of Agriculture considers necessary for persons performing arduous labor.

4. Off-the-job insurance at the workers' expense is provided to cover workers suffering injuries, illnesses or death. Standard form policies will be established which may be underwritten by any properly licensed insurance company offering competitive rates. The Mexican Government reserves the right to institute a plan for off-the-job insurance to be managed by a Mexican Government authorized organization.

5. Entire counties will no longer be included in the list of areas which are unacceptable for the employment of Mexican labor because of discrimination in a particular community. Individual employers will be placed on ineligible lists only as a result of joint determination by both Governments.

6. Workers who do not complete their contracts will receive return transportation and subsistence costs from the employer in the same proportion as the period worked compares with the length of the contract. Employers may postpone from one pay day to the immediately following pay day a total of three days earnings of a worker.

7. A new migratory station for the recruitment of workers will be opened at Mexicali, Baja California, and the stations at Monterrey and Chihuahua are to be reactivated. The other migratory stations provided in the agreement are at Durango, Irapuato, and Guadalajara. A U. S. reception center at Hidalgo is planned to replace that formerly at Harlingen, Texas.

8. Workers who were contracted in the United States during the period from January 16, 1954, to February 8, 1954, may, if they desire, be covered at the expiration of their contracts by new contracts under the renewed agreement.

9. A Joint Migratory Labor Commission composed of representatives of the interested Departments of the two Governments has been established to function until October 31, 1954. This commission will observe the migrant labor movement between Mexico and the United States in both its legal and illegal aspects and make recommendations to the two Governments for possible improvement in the operation of the agreement and for methods of deterring the illegal traffic. The Commission will also study the advisability of reducing the minimum contracting period for Mexican workers from six to four weeks and make appropriate recommendations within thirty days. The Commission will also study and make recommendations concerning other problems which are referred to it by the Governments.

10. New negotiations may be entered into within 30 days after the final recommendations of the Joint Commission in order that the Governments may consider applying these recommendations to the operation of the program.

Mexican Migrant Labor

White House press release dated March 16

Following is the text of a statement made by President Eisenhower on March 16 at the time of his signing of H. J. Res. 355 (Public Law 309, 83d Congress):

On signing this legislation, I wish to dispel any misconceptions which may exist regarding its purpose. The basic purpose is to enable this Government to give Mexican migrant labor the protection of our laws.

Whenever United States employment is at such a level that Mexican workers are needed to supplement the United States labor force and whenever they can be spared temporarily from Mexico, we of course welcome their valuable assistance to our farming community if they will cross the border legally. The problem of adequate control and protection of Mexican workers in the United States has in recent years been the subject of searching analysis by the Governments of the United States and Mexico, working both independently and together.

The two Governments, after more than 4 months of careful study and friendly negotiation—conducted in an atmosphere of mutual respect worthy of two sovereign neighbors, announced on March 10 that they had concluded a renewed and improved migrant labor agreement. While neither Government assumes that this agreement will prove to be the final answer to the whole complex problem, it provides necessary means for moving forward to more complete solutions.

Unforeseeable future developments may some day lead the two Governments to determine that formal agreement on this subject is no longer desirable but that appropriate action by each within its own jurisdiction is still essential. Authority has existed for a number of years for the Attorney General to admit Mexican farm workers under whatever conditions he alone may establish, but, because of the wording of applicable legislation, there has not been adequate authority for United States governmental measures for protection and placement of the workers at any time there should not be an agreement with Mexico. The present law is precautionary in that it removes this disability and enables the Secretary of Labor to perform these functions of protecting and placing migrant workers which are so important to both United States and Mexican interests, at any time these services may be required.

Bolivia To Receive Additional Wheat

The White House announced on March 16 that President Eisenhower on March 15 had modified his statement of October 6, 1953,¹ concerning surplus commodities for Bolivia. In view of Bolivia's urgent relief requirements, he decided to increase the total of wheat to be made available out of Commodity Credit Corporation stocks from \$5 million to \$8 million.

According to the White House announcement, the equivalent of 45,000 tons of wheat has been going to Bolivia at the rate of approximately 7,000 tons a month. Final delivery of the original allocation is tentatively scheduled for mid-June. The additional wheat is intended to cover minimum requirements during the following few months.

Ecuador-Peru Boundary Incident

Press release 141 dated March 16

With a view toward conciliation of the boundary incident which occurred on January 24, identical telegrams as follows were addressed to the Governments of Ecuador and Peru on March 15 by the representatives of the Governments of Brazil, Argentina, Chile, and the United States, meeting in Rio de Janeiro as guarantors of the Protocol of Peace, Friendship, and Boundaries signed at Rio de Janeiro in 1942:

Committee of representatives of guarantors of protocol of January 23, 1942, meeting today Rio and studying formula for honorable solution frontier incident of last January in Putumayo River zone, requests collaboration of Government of that country (Peru-Ecuador) in making an effort, during deliberations, to diminish state of tension which unfortunately exists between the two neighboring and friendly countries and to impede any manifestation which might aggravate it. Highest regards. Signed VASCO LEITAO DE CUNHA, *Acting Minister Foreign Affairs, Brazil, Chairman*; Gen. ARNALDO CARRASCO, *Ambassador, Chile*; *Minister-Plenipotentiary* Dr. KUZERTO E. ZALAZAR, *Special Representative, Argentine Republic*; ROBERT P. TERRILL, *Chargé d'Affaires, ad interim, of U.S.A.*

¹ BULLETIN of Oct. 19, 1953, p. 518; see also *ibid.*, Nov. 2, 1953, p. 584.

Security in the Department of State

by Scott McLeod

Administrator, Bureau of Inspection, Security and Consular Affairs¹

The first of the executive agencies to be established under the Constitution was the Department of State. It came into being, under an enactment of the Congress, in the summer of 1789. This senior of all Departments and agencies is thus invested with a tradition of service that stems from the administration of President Washington.

Another congressional enactment of 1789 made the Secretary of State the custodian of the Seal of the United States. The eagle on the seal holds in its right talon an olive branch, in its left a bundle of 13 arrows. According to a resolution of the Continental Congress enacted in 1782, the olive branch and the arrow "denote the power of peace and war."

It is especially appropriate that the Department of State have in its official keeping this inspiring national seal. What the Department of State does, or fails to do, in its contact with foreign governments determines to an enormous extent whether or not peace shall be preserved. The employees of your Department of State are keenly aware of their important mission and their historic traditions.

It is the Department's mission, through diplomatic methods, to preserve peace. To be an officer of such a Department, charged with so fateful a mission, fills me with a humble sense of pride. But the Department of State today is much more than a magnificent abstraction. It has a staff of dedicated men and women, who, under the leadership of President Eisenhower and the direction of Secretary of State John Foster Dulles, are exhibiting a team spirit. Each of its members, whatever his or her duties, contributes an important part to the work of the whole. It could not be otherwise if the Department of State is to fulfill its high function.

U.S. Performance at Berlin

This spirit of dedication, which must of course rest upon a foundation of high professional com-

petence, could not be better illustrated than by the team Secretary Dulles selected to accompany him to the recent Berlin conference of Foreign Ministers. At that conference there was an American delegation of whom the Nation can be proud. Ours was not the largest delegation there, but it showed itself second to none in performance.

Without doubt the Soviet Union's Foreign Minister, Mr. Molotov, hoped to emerge from that conference with Western Europe and most of the free world defenseless against the might of Moscow. It turned out otherwise. For the first time, an American Secretary of State, in part because of his prolonged international experience, in part because of his native diplomatic flair, confounded the Russians with their own words.

The Soviet Union's international policies, which some thought revealed a "New Look" since Stalin's death, were revealed in all their crude reliance upon force. There was, however, a "New Look" at Berlin. It was an American look.

The Western alliance showed itself at Berlin to be strong, cohesive, firm in support of principle, against the wiles of Russia's most resourceful diplomat. The Foreign Ministers of Great Britain and France came, so I am informed, to have the highest regard for the patience, thoroughness, and understanding of Mr. Dulles' diplomatic approach at that meeting. It was so stated in a London dispatch last week to the *New York Times*.

I have brought with me the record of the Berlin discussions, which the Department of State published last week.² This is the first time, I believe, that a substantially verbatim record of a major international conference has been made available to the public so soon after the close of the conference. The Berlin conference adjourned on February 18. This record was published on March 11, just 3 weeks after the four Foreign Ministers parted.

There is a brief passage from the record just published that I would like to read. It provides,

¹ Address made before the District of Columbia Dental Society, Washington, D. C., on Mar. 15 (press release 135).

² *Foreign Ministers Meeting: Berlin Discussions, January 25-February 18, 1954* (Department of State publication 5399).

I think, a fine illustration of the hold resourcefulness of the Secretary of State in his dealings with Mr. Molotov. What I am about to read is a statement of Mr. Dulles made at the session of February 2, in response to Mr. Molotov's violent attack on the Western Powers. It is as follows:³

I do not know what the Soviet Foreign Minister really thinks about us. Whatever his judgment is, he must know that he is not infallible. He has sometimes been wrong, and he might have been wrong when he accused us yesterday of being the enemies of peace.

I recall that Mr. Molotov was wrong in October 1939 when he condemned France and Britain as being aggressors and praised Hitlerite Germany as being the peace-seeking country. I have in my hands a speech which the Soviet Minister of Foreign Affairs made in Moscow on October 31, 1939. Already the war was on and, in Molotov's words: "It needed only one swift blow to Poland first by the German Army and then by the Red Army, and nothing remained of this ugly offspring of the Versailles Treaty." In that speech, Mr. Molotov boasted of the "rapprochement and the establishment of friendly relations between the U.S.S.R. and Germany." He then said that "as far as the European great powers are concerned, Germany is in the position of a state which is striving for the earliest termination of the war and for peace, whereas Great Britain and France, which but yesterday were declaiming against aggression, are in favor of continuing the war and are opposed to the conclusion of peace." "It is," said Mr. Molotov, "not only senseless but criminal to wage such a war—a war for the 'destruction of Hitlerism' camouflaged as a fight for 'democracy'."

Perhaps Mr. Molotov would admit that he then made a mistake—we all make mistakes. That fact should lead us not to be so confident of our judgment that we hurl across the table accusations of criminal intent.

The question is frequently asked: Has the State Department changed? Has the mess been cleaned up? There is, of course, a difference of opinion on that subject, but there is one eminent authority on the change—the new look in the State Department. He can testify on that subject. His name is Molotov, Foreign Minister of the U.S.S.R.

Security Problems Involved

As we gradually get into a position where we justify public confidence in the Department of State, we must necessarily consider the security problems involved in this highly sensitive operation. The security situation is a large part of the administration problem. I personally feel that there are probably very few, if any, people in the Department who are opposed to the idea of sound security practice. However, I do feel there may be a misunderstanding as to just what we are trying to do in the security field.

There are a great many aspects to security as such. The State Department contributes to the national security in the field of consular affairs when the Department issues visas which permit aliens to visit America and passports which permit Americans to travel abroad. That can be a very important aspect of security because we know

from the past that the American passport has in some instances been forged or used fraudulently in order to permit unworthy persons to enter the country. The issuance of visas calls for a high degree of security since it is necessary to ascertain that the immigrant or would-be visitor is a person who will not contribute to the insecurity of a nation.

There are other aspects of security, particularly in this modern day when we find ourselves in close cooperation in the military field with our Western allies. The Department's diplomatic representatives must constantly backstop our military people, as agreements are negotiated with other nations. Of course, there is the matter of security cooperation with other security agencies both in our own government and in the governments of our allies.

I mention these aspects of security because they are generally forgotten by the public which associates the term security in the field of government with the personnel security and integrity practices which the new team is following under the Eisenhower Executive Order 10450.⁴

In addition to the other duties I have outlined above, our Security Office in the State Department handles the physical security of the Department which may be defined as the protection of classified information which the Department possesses. This involves seeing that the material is properly classified, stored, and protected and that, in the buildings in which the information is housed, there is a minimum hazard of fire and enemy penetration.

This involves considerable technical knowledge and, over a period of years, a considerable expenditure of funds. Insofar as physical security is concerned, I have detected no background which indicates that Congress has been niggardly in the matter of appropriating funds for this purpose.

Nevertheless while we may spend millions of dollars to make our information and our buildings as secure as possible in the physical sense, this money can be wasted if a single employee of the Department proves to be untrustworthy.

I would like, in a few moments, to outline the personnel security and integrity measures of the Eisenhower administration as they relate to the State Department in the hopes that through better understanding of what we are trying to do we can secure your sympathetic support for this program.

Full Field Investigation

We approach this problem from the standpoint of the sensitivity of the position occupied by the employee or for which the applicant is being considered. We have approximately 11,000 citizen employees in the State Department. The security-

³ *Ibid.*, p. 79; BULLETIN of Feb. 15, 1954, p. 223.

⁴ 18 *Fed. Reg.* 2489.

integrity program applies only to these citizens. We have decided that all of our employees occupy sensitive positions since we have been unable to isolate either high or low grade position to a point that the employee is not, conceivably, in a position to obtain or handle material which can vitally affect our national security. The order provides that persons occupying sensitive positions must have a full field investigation. What is a full field investigation?

The first thing checked in a full field investigation is other government agencies. This is termed a "record" check or "name check" whereby all other sensitive government agencies, such as the FBI, the Central Intelligence Agency, congressional committees, Office of Naval Intelligence, G-2, and other agencies are checked to determine if they have anything of record on the individual. If it is learned that one of these agencies has derogatory material, it is reviewed, and if it is of such a nature as to show conclusively the individual would not be the type for Departmental employment his investigation may be dropped at that time.

Of course the applicant's place of birth must be verified and, if he is a naturalized citizen, this must be checked. Inquiries are made into his background and the general reputation of his family. A review is made of his scholastic records, including interviews with former teachers and other qualified persons. His employment experience is checked and former employers and coworkers are interviewed. All references given by the applicant are contacted and they often supply leads as to the identity of other persons who know the applicant well. Persons are interviewed who reside in the neighborhood where the applicant has lived. If the individual has been in the service these records are examined. Credit records of the applicant are reviewed as well as appropriate police agencies to determine if he has a local criminal record. Finally the applicant himself may be interviewed, if necessary, to clarify any unaccounted for time in his life which does not show up readily in the investigation. In a number of instances special inquiries will be required, as for instance in cases where the applicant has resided in a foreign country.

Now the next question is what constitutes derogatory information. Derogatory information for the purposes of the security program is defined in the criteria established by the Executive order. This order, in addition to the factors relating to subversive activity or association, includes behavior characteristics which reflect on the reliability and trustworthiness of an individual—the misrepresentation, falsification, or omission of material facts—criminal, infamous, or notoriously disgraceful conduct, perversion, drunkenness—drug addiction and adjudication of insanity—or facts which furnish reason to be-

lieve an employee may be subjected to coercion, influence, or pressure which would cause him to act contrary to the national security interest.

Having obtained as much background information as is available through investigative means, we then assign the file to the Evaluation Unit of the Security Office. This unit very carefully studies the information. It endeavors to project a future judgment as to the security potential of the individual.

You will observe that this system is in no way analogous to our court system since we are not trying to prove anyone is guilty of violating a law. That is the business of the Justice Department. If our investigation discloses the possibility that anyone is violating a law or that an individual poses a possible threat to the Nation's security, we must turn the matter over to the Justice Department because the FBI is charged with the responsibility for investigating violations of the laws of the United States and for the primary responsibility of protecting the internal security of the United States.

It is not our function to compile evidence for presentation in court cases. On the contrary we are collecting information on which to base a judgment as to the security potential of the individual.

Basic Lines of Policy

In projecting this judgment we have certain basic lines of policy laid down by the President.

The first of these is that no American can assert a right to Government employment. Government employment is a privilege and a high honor; consequently, the Government as an employer can and does establish standards just as any private employer may do.

The second broad policy statement of President Eisenhower is that the American people are entitled to a Government whose clear qualities are loyalty, security, efficiency, economy, and integrity. In the President's view, "only a combination of both loyalty and reliability promises genuine security."

The third general policy line is set forth in the President's Executive order. Our evaluation must affirm that the individual's employment in the Federal Service is "clearly consistent with the interests of the National security," and further that reasonable doubt as to this clear consistency will be resolved in favor of the Government.

This evaluation of the security information, this matter of forming a judgment as to future action, is, of course, not susceptible to present proof. The future may disclose that the present judgment was unwarranted, but we have no way of foreseeing this circumstance. We do have the obligation to take such precaution as may be expected of reasonable and prudent men to protect the Government from *exposure* to danger.

Now the question is often raised as to whether this system is fair to the individual or not. The system has many safeguards. In my judgment one of the most important is the objective approach of those individuals employed in our Evaluations Unit who make the primary judgment in each case. If their determination is adverse to the employee, the file is then forwarded to the Director of the Office of Security, a Foreign Service officer of considerable experience both in the Department and in the Security field. He must personally affirm the judgment of the Evaluations Unit before the file is forwarded to me. I personally review the evaluation and if I agree I forward it to the Under Secretary for Administration. If he in turn agrees with my judgment, the file is then forwarded to the Secretary. You will observe that this system requires a minimum of five personal evaluations of a security case before an employee is actually suspended from the Department. It seems to me that this system of five separate and distinct judgments more than safeguards the employee against capricious or unreasonable action on the part of the Government.

Most public interest centers on the employee cases. The Security Office has the responsibility for making the final determination on applicant cases unless the applicant is a Presidential appointee. Following the five affirmative decisions that the employee's continued employment is not clearly consistent with the national security, the employee is suspended and furnished a written letter of charges. This letter is as specific as security practices will permit. Obviously, it would be unwise to create a danger to the national security by advising an employee of the individuals who had furnished information with respect to subversive activities. On the other hand, there appears to me to be no sound reason why persons who furnish information with respect to behavior patterns and personal habits of employees should not be requested to identify themselves and face those they accuse. In general terms, such is the policy we pursue in the Department.

After receiving a letter of charges, the employee may file an answer in writing for such supporting evidence as he may care to submit. At this point another judgment is made. This judgment is by the Security Counsel for the Department and by me, acting either jointly or severally. If we make a recommendation for dismissal, our judgment is again subject to the scrutiny of the Under Secretary for Administration and, if he agrees with us, then by the Secretary of State. If it is deter-

mined that it is desirable in the national interest to discharge the employee, the employee is so notified. He then has recourse to a hearing before a three-man panel of Federal employees from other agencies. This hearing is conducted under the direction of the Civil Service Commission. The opinion of the panel is furnished to the Secretary of State as an advisory opinion, and he may accept or reject it, and thus finally conclude the case.

As I have indicated to you, I believe that personnel integrity and security are important problems, particularly when the free world is faced with the enormous conspiracy known as Soviet communism. This conspiracy is a new danger to our liberties. It has arisen as a clear and present menace within the last quarter of a century. It is something which our society has not encountered in the past. America has successfully contended with dangers to its freedoms during the course of its history, so that those of us who live in America today find that freedom is our heritage. We must be sure that freedom is our legacy.

Everest Climber Awarded Hubbard Medal Replica

Press release 136 dated March 16

The American Ambassador to India and Nepal, George V. Allen, on March 16 presented to Tenzing Norkey, on behalf of the National Geographic Society, a replica of the Society's Hubbard Medal for his part in the conquest of Mt. Everest. The presentation was made in Darjeeling, India, Tenzing's present home.

At the same time, Ambassador Allen handed Tenzing a check from the National Geographic Society in the amount of 500 Indian rupees (approximately \$100) as an honorarium.

The Society's gold Hubbard Medal was presented by President Eisenhower on February 11 to the British Everest Expedition. Brig. Sir John Hunt, the leader of the expedition, and Sir Edmund Hillary, who with Tenzing made the final assault to the pinnacle of Everest, accepted the medal on behalf of the expedition. They were also given bronze replicas of the gold medal on that occasion.

The inscription on the Hubbard Medal reads: "Awarded to the British Everest Expedition for Extraordinary Courage and Skill and Outstanding Service to Geography in the Triumphant Conquest of Earth's Highest Mountain, May 29, 1953."

Western Unity—Cornerstone of Free World Defense

by Deputy Under Secretary Murphy¹

Joseph Stalin died a little over a year ago, March 5 to be exact.

His death set the world to dreaming. Even the most pessimistic felt a little hopeful. And why not? To a reasonable man Soviet ideas on world domination seem, and are, preposterous. Moscow should have every reason to try and get along with the rest of the world. And Malenkov seemed to talk more sensibly than his predecessor.

The situation held out hopes that many in Europe especially were eager to reach for. Of course, the Soviets did nothing but it was possible to believe that they were only waiting for the right moment to launch a conciliatory move.

The Berlin conference shattered these modest hopes. It gave the free world a firsthand post-Stalin picture of Soviet intentions. The picture was unchanged. The leopard, Mr. Molotov made clear, has not changed its spots. No matter how dulcet a tune it sings, its appetite is still ravenous. We now have reason to believe that return to group control, instead of one man rule in the Kremlin, has not changed the constant basic policy line and that the U.S.S.R. does not intend to yield a foot of territory.

Molotov was remarkably open in his efforts to use the Conference to divide the Western World. First and last throughout the Conference, he probed to find weak spots in our unity. He made a steady and persistent effort to capitalize on possible differences. The U.S., of course, was his principal target. It was a rather backhanded compliment that he made no attempt to appease us. We were the enemy. He tried to draw both France and the U.K. into a European bloc that excluded the United States.

He failed. Both France and Great Britain stood firm. If anything, the Conference closed with the Western Powers more firmly united. The Conference ended, as Secretary Dulles has reported, with a greater degree of unity among the

three Western Powers than had existed when the Conference began.

This is of capital importance. The unity of the Atlantic community has been, and remains, a cornerstone of the free world's struggle to defend its freedom.

Why? Well, look at your map. Look across the Atlantic. Here are the nations and the peoples from which we, most Americans, sprang. In blood and culture our ties are strong. We share the same views on human liberties.

Perhaps this is the reason why we, sometimes, do not always get along. We quarrel as do members of a family. We are more critical of each other than we would be of strangers. We expect more of each other.

We can afford to disagree because our basic loyalties are the same. In the face of common dangers in the past we have found these basic loyalties stronger than our passing differences. Today we are doing the same.

This, however, is not the real issue. It is not the explanation of the importance the Soviets place upon dividing Europe and the United States.

It is a question of power—of technical skills, industrial capacity, and resources.

The world's second greatest pool of skilled manpower is in Europe.

Soviet Manpower Shortage

A great weakness of the Soviets lies in their lack of skilled manpower. Years of training lie between them and the day when they can match the Atlantic community, man for man, in the technicians demanded by an industrial economy. That is why the citadel of the Ruhr is a magnet for them. Even though Lenin has said the road to Paris is via Peking, Molotov put it—as goes Germany so goes Europe.

Production in the Soviet area has increased but it hasn't increased rapidly enough to suit them. The latest report of the Foreign Operations Administration (June 30, 1953) illustrates this point

¹Address made at Town Hall, Los Angeles, Calif., on Mar. 9 (press release 123).

with statistics on coal and steel, the sinews of any industrial economy.

Steel production in the United States and its European allies has a lead of more than three to one over that of the Soviet bloc, including Communist China which produces little. In coal the edge is two to one.

The Soviets, to be sure, devote a major part of production to their military programs. But that, too, is a weakness. It is a weakness recognized by Malenkov in his recent promises of increased consumer goods, promises upon which he must make good if he is to still mounting unrest. If he doesn't—well, that presents him with another problem. Even totalitarian regimes must make some concessions to the people. Communism has promised a "workers' paradise." That paradise is long overdue.

The Soviets see part of the answer in Free Europe's skilled manpower and industrial plant. To add these to their own strength is their unchanging objective.

The raw material resources of Free Europe are another attraction. The Soviets, to be sure, have resources of their own. Russia today is practically self-contained in the raw materials of industry. Her deficiencies of World War II have been made up largely from satellite countries. Lead and zinc now flow into Russian plants from Poland, East Germany, and the Balkans. The Balkans supply chrome, molybdenum, and antimony. Czechoslovakia and East Germany can be depended upon for some uranium. Finland ships nickel. Manchuria and China provide tungsten, antimony, tin, lead, zinc, graphite, and copper.

The U.S.S.R., itself, is rich in a number of minerals. They are, however, undeveloped. Development will take time, and time, again, is something the Communists leaders use sparingly.

The resources of the free world, however, are developed. They, too, are finding undeveloped deposits but they have the means wherewith to develop them—and quickly.

This country, for example, needs manganese. We have very little of our own. In the past we supplied our needs from Russia. When that avenue was closed to us, we turned to other countries of the free world in Asia, Africa, and South America where there are vast deposits of manganese.

Free World's Raw Materials

The resources of the free world are ample to meet its needs. But it is our combined resources. No one country alone has everything it needs.

Of a list of 32 materials essential to industrial production, the United States is deficient perhaps in 18. We have a surplus in only nine. The British Commonwealth, however, had a surplus in 24, and of these 13 appear on our list of 18 deficiencies. Conversely, several of the Commonwealth's

deficiencies, seven in all, were on our list of surpluses. Our needs and lacks balance each together. Together we have what we want.

As one of our authorities has so aptly said:

If each [the United States and the British Commonwealth] desires to maintain its political security and peacetime industrial development, it follows that they must ever be closely associated in foreign policy, international trade and naval strength to protect sea lanes.

These are facts with which we, you and I, have to deal.

The British, I might add, are devoting \$1 billion in the coming year to maintain and strengthen their Navy. The British do not like taxes any more than do you or I. They growl as much as we do. But they are paying them because they know they dare do no less in face of the danger that threatens.

I have spoken of European skilled manpower and resources. There is another angle to cooperation upon which I would like to touch.

No Monopoly on Brainpower

We Americans do not have a monopoly on brainpower. And in the crisis with which we are confronted we need the brains as well as the skills of our brothers across the Atlantic.

It may come as a shock to some of us when we are reminded that the United States did not, singlehanded, produce the A-bomb. The truth is, it was the result of a combination of the brains of many men from many nations.

Einstein, in whose brain the project was born, is German by birth and education although now American by adoption. There was Fermi, an Italian; Chadwick, an Englishman; Bohr, a Dane; Szilard, a Hungarian; and scores of others. Alexander Sachs, another naturalized American, first took the idea to Washington at the request of three exiled foreign scientists, Einstein, Szilard, and Wigner.

The United States provided the engineering skill, as well as scientific ability, that put the idea into operation. From first to last, however, it was a cooperative venture.

Naturally, I am proud of my country's role in that project. And I am no less proud of the fact because we did not do it alone.

President Eisenhower has proposed that the nations of the world, all of them, make a cooperative effort to put this marvel of our age to work for the benefit of the human race. I am happy to think that suggestion came from an American, and no less happy because many people in many lands would benefit thereby.

Let us face the facts. The unity of the Atlantic community is far more than just a matter of sentiment. It is today a question of survival. In our unity lies our strength. And in that strength lies all mankind's best hope for the future.

The unity the Western Powers displayed in Berlin came about by careful planning. Mr.

Dulles has told you that no planning could have anticipated all the moves made by so shrewd an old hand as Molotov. The unity that emerged was the natural and spontaneous reaction of men who shared the same ideals, men dedicated to the same concepts of human liberty and national integrity.

Mr. Molotov struck a stone wall in Berlin when he tried to "sell" the French and the British on capitulation to totalitarianism—the Governments of both, as well as that of the United States, rejected, without hesitation, the Soviet offer of "peace" on Soviet terms.

About the Geneva conference: We had tried to get such a conference at Panmunjom. The Korean Armistice recommended it. But for over 6 months the Communists refused.

We had proposed, in agreement with President Rhee, that the conference be held in Geneva. That proposal had been rejected.

We had proposed, also in agreement with President Rhee, that the conference should include Communist China, Soviet Russia, North Korea, and, on the United Nations side, the Republic of Korea and the 16 United Nations member nations who had fought in Korea.

All this the Communists had refused. In Berlin each proposal was accepted. The Soviets, to be sure, fought each item and, as Mr. Dulles told us so dramatically in his radio address,² they continued to fight until just 60 minutes before the Berlin conference adjourned.

The Soviets fought for recognition of Communist China as a great "power." This, indeed, was one of their major objectives in Berlin.

They capitulated on that issue only when they saw it was hopeless to expect the West to yield.

Mr. Dulles, in his opening statement on January 26,³ made the position of the United States crystal clear. He said:

. . . I would like to state here plainly and unequivocally what the Soviet Foreign Minister already knows—the United States will not agree to join in a five-power conference with the Chinese Communist aggressors for the purpose of dealing generally with the peace of the world.

The United States refuses not because, as is suggested, it denies that the regime exists, or that it has power. We in the United States well know that it exists and has power, because its aggressive armies joined with the North Korean aggressors to kill and wound 150,000 Americans. . . . We do not refuse to deal with it where occasion requires. . . . It is, however, one thing to recognize evil as a fact. It is another thing to take evil to one's breast and call it good.

Mr. Molotov, in Berlin, used a promise of peace in Indochina as bait for the West. That he failed is to the credit of that Nation which has, indeed, suffered cruelly through Communist activities in Indochina.

The Soviets have tried to use French hopes for peace in Indochina in an attempt to slow down, if

not utterly destroy, the European Defense Community.

As the United States sees it, EDC is an important step toward the security of Free Europe, and incidentally, our own. President Eisenhower is deeply convinced that there can be no long-term assurance of security and vitality for Europe, and therefore for the Western World including the United States, unless there is unity in Europe which will include France and Germany.

In the words of our able Secretary of State:

Until the goals of EDC are achieved, NATO, and indeed future peace, are in jeopardy.

We have, and are, urging EDC upon our European friends, but they are independent nations and we cannot compel them to act. Our concept of unity does not include compulsion. They are not satellites. We of the free alliance are equals. Rightly or wrongly we make our own decisions.

We must understand the reasons for past French hesitation regarding EDC. Originally, of course, the idea was French. Her leading statesmen are still in favor of it. The French people, however, find it hard to forget their ancient conflicts with Germany. They fear a re-armed German State.

The fact is, of course, that EDC is designed to protect them against just that danger. But to many Frenchmen the very thought of a German in uniform brings memories that are still bitterly fresh—memories not of one war but, to some, of three.

Understanding that is not too difficult. There are places in the Deep South in our own country where memories much older than those of the French still motivate certain reactions. The old story of the man who grew up believing "dam-yank" was one word isn't funny in Georgia.

The Europeans have made remarkable progress in the past 10 years toward unity. There is the Organization for European Economic Co-operation, the Council of Europe, the European Payments Union and, of course, the European Coal and Steel Community, all now functioning.

The Berlin conference has probably helped EDC by making it clear that Russia is not genuinely prepared to offer any alternative arrangement to protect the peace and security of Europe.

The demonstration at Berlin of the solidarity of the West was a solid achievement. And they are standing by that solidarity. Eventually, we can hope, they will see that the EDC is more than just a demonstration of solidarity, but solidarity in fact.

The Berlin conference demonstrated equally clearly that the danger from Moscow is unabated. The ultimate Soviet aim is still the destruction and conquest of the free world. This aim undoubtedly will prevail until the Soviet people can freely express themselves; until the Soviet totalitarian structure has gone the way of all dictatorships and is only history.

² BULLETIN of Mar. 8, 1954, p. 343.

³ *Ibid.*, Feb. 8, 1954, p. 179.

Our Partnership With Spain

by James Clement Dunn
Ambassador to Spain¹

First of all, I wish to thank you for your very kind invitation to come to Bilbao, "the Pittsburgh of Spain" and the heart of a great mining and industrial region, to meet with businessmen who are interested in the mutual problems and plans of the Spanish and American Governments.

The impressive economic and industrial record of your outstanding port on the Nervion is well known, as is the importance of your metal and chemical industries here and in the surrounding provinces. Also well known are the stability of Bilbao's banking institutions and the seriousness, energy, and enterprise of its businessmen and industrialists.

Besides being the backbone of the Spanish iron and steel industry and derivatory products, the Bilbao zone contains a blossoming chemical industry with vast possibilities for expansion; and it has for many years been the distribution center for innumerable imported products. In 1953 a total of 4,368 ships of many nationalities entered this busy port, and the press has recently reported that more than a million tons of iron was sold in Bilbao last year. Ships made here such as the *Guadalupe*, the *Covadonga*, the *Monte Urbasa*, and the *Monte Udala* are familiar sights in many ports of the Americas.

You are fortunate, indeed, to live in an area of active and prosperous industry surrounded by the rolling green hills which characterize this great northwest area of Spain. This part of Spain has long been known to my country. Many of your people have relatives and connections in the United States. American ships call regularly at your port, and the ties between us are close.

All of you know, I believe, something of the broad project in which we are now engaged as a result of the economic and military agreements signed between our two Governments last September. There are, actually, three agreements. One provides for the construction and joint use of cer-

tain military facilities in Spain by the United States. Another calls for American economic assistance to strengthen Spain's economy. The third provides for military assistance from the United States to strengthen the defense capabilities of the Spanish Army, Navy, and Air Force.²

Under the terms of our recent agreements, Spain and the United States are not only friends but also partners—partners in a mutual undertaking by two sovereign nations to achieve greater security for each and to protect and preserve their independence from outside encroachment.

At the same time, our joint efforts are not basically anti anything but are constructive and forward-looking. The United States has a deep interest in the long-term economic development of Europe and greatly desires to help further the well-being of its peoples. This can be seen from our policy of extending economic aid and our further effort to strengthen the economies of friendly nations by our program of offshore procurement, for which Spain is now eligible. Under this plan, Spain could produce certain items needed in the common defense with financial support from the United States.

Three Groups Administer Agreements

As you probably know, there are three distinct groups set up in Madrid to help organize and carry out the provisions of the accord with Spain. There is the *MAAG* (or Military Assistance Advisory Group) headed by General Kissner, which, as its name implies, is concerned with military aid to the Spanish armed forces. There is the *JUSMAG* (or Joint United States Military Group), also headed by General Kissner, which is concerned with the construction of the bases and naval facilities, as provided in the agreement. And there is the United States Operations Mission in Spain, to administer the provisions of the agreement con-

¹ Translation of an address made in Spanish before the American Chamber of Commerce at Bilbao, Spain, on Feb. 24.

² For texts, see *BULLETIN* of Oct. 5, 1953, p. 436.

cerning economic aid. All of these three groups function directly under the supervision and direction of the Ambassador. Probably the phase of the Spanish aid program most interesting to this active industrial center is the economic aspect. The man who is administering this vital part of our program is Edward L. Williams, here with me today. Also present today are Homer Byington, the new Counselor of the Embassy, and Horace Smith, Deputy Director of the Operations Mission. The group working under Mr. Williams will develop the economic and technical-assistance program in cooperation with the Interministerial Coordinating Commission of the Spanish Government.

You all have had the opportunity to acquaint yourselves with the details of the agreements which were signed nearly 5 months ago, but I think it would be timely now to review some of the basic concepts to which both Governments have agreed. Perhaps one of the most important, and one which your own Government has stressed, is the mutuality of the obligations and responsibilities assumed by both parties. Each side receives certain definite advantages in return for those granted the other. The full recognition of this concept has been extremely helpful in the planning stage of this joint program, which is now virtually finished, and will serve as a keystone to our new relationship as we enter the operating phase.

I believe that we can both be proud of what has been accomplished. With respect to defense support for Spain, the first items of American aid arrived last week, consisting of military equipment for Spain's three armed forces and including tanks and guns. As for base construction, the prime contractors have been named in the United States and their first representatives have already arrived in Spain to select qualified Spanish companies which will collaborate with them in this work vital both to the defense of Spain and to the United States. It is expected that the American companies will maintain relatively few technicians here and that they will select through bidding Spanish firms to do much of the actual construction. The Spanish companies and personnel will participate to the maximum extent possible in this building program, which will cover quite a long period. This operation will, we hope, stimulate business activity and provide greater employment throughout Spain.

It is appropriate today to discuss some aspects of the economic agreement which we should all know. For example, what part will dollars play in this program?

As a matter of fact, dollars will not be sent directly to Spain, although aid for the first year of the assistance program is calculated at \$85 million in economic aid and \$141 million in military aid. In addition, the cost of the construction of the bases and naval facilities this first year is expected to be about \$60 million although the

total will be much larger. These are impressive figures, but what we are actually talking about is material, goods, and equipment. The military-aid funds will be spent for equipment such as the items which have just arrived. Under the economic program the dollars will be spent for Spain's agriculture, transportation, and industry. And, most important, these things will come to Spain only after careful study and planning of the relative priorities of Spanish requirements, on the specific request of your Government and after approval by the Spanish Interministerial Commission and our Operations Mission in Madrid. No material whatever will be brought to Spain that is not fully in accord with this joint program.

I would like to render a brief accounting of the economic aid program to date. The entire first \$11 million, announced last fall, has been programmed for raw materials including scrap, copper, aluminum, cotton, rubber, and steel, and for urgently needed agricultural equipment. Plans are nearly complete for the programming—a technical word which means “authorizing to spend”—of an additional \$20 million, most of which will also be for raw materials. As you can readily see, these raw materials are directed quickly into Spanish industry and help to maintain high productive and employment levels.

Opportunities for Technical Assistance

One of the little-publicized parts of the economic agreement is that pertaining to productivity and technical assistance. In this field there is a great opportunity for exchange of ideas and sharing of information and experience. To cite one example briefly, technical assistance is available in the fields of soil conservation, grasslands control, and irrigation. As you know, the United States has large areas in the Southwest which suffer from erosion and recurrent droughts, as do certain parts of Spain. Much progress has been made in combating these problems, and it is believed that both Spain and the United States would profit from an exchange of specialists who know the latest techniques in these fields. Under such a program some of your technicians would go to my country while at the same time American specialists would come to Spain.

As a matter of fact, you have already given us some technical assistance. Outstanding leaders in the fields of learning and medicine have come from Spain to the United States and made distinguished contributions to our culture. It might not be inappropriate for me to mention the Spanish shepherds who have gone to the United States from this very region and given dramatic evidence of the ruggedness, honesty, and patience characteristic of the people of this part of Spain. These are examples of technical assistance, of sharing with each other special skills in one field or another.

Another aspect of the economic agreement which might be stressed is that pertaining to the encouragement of capital investment in Spain. It is our hope that private capital will to an increasing degree help to fill the role played largely by my Government in recent years. In order to achieve this goal, it is necessary that conditions be established in the world encouraging private capital to seek out sound investment prospects, always, of course, in accordance with the laws of the host country. We believe that this is one of the principal means whereby countries can establish and maintain strong and healthy economies, and raise their living standards.

With that in mind, it is interesting to note that American private investment in foreign business operations now exceeds \$16 billion, of which approximately one-fourth has been invested in the past 3 years. We fully realize that the United States should itself take certain steps to see that this level of investment is maintained and even increased. With that in mind, the President recently recommended in his budget message that the United States tax laws be modified so that no deterrents will exist to United States investment abroad but rather that it will be encouraged.

I know from what your own Government officials have said that Spain likewise is interested in this subject. It is heartening to know that there are presently some American firms, in addition to those already located here, which are considering investing in Spain, and I hope it will be possible for them to do so.

Unity of Free World

The world is still subjected to the pressures of international tensions, and while we hope that Western efforts to reduce these tensions will succeed, we must at the same time be prepared for any other eventuality. During the past year, as President Eisenhower told the American people recently, a great strategic change has taken place. He said, "that precious intangible, the initiative, is becoming ours." He added that freedom is threatened so long as the World Communist conspiracy exists in its present scope, power, and hostility. And, as he put it, American freedom is interlocked with the freedom of other people more closely now than ever before, and in the unity of the free world lies our best chance to reduce the Communist threat without war.

I think we will all agree that our Western civilization is confronted today by the greatest danger in its history. In the face of this danger, and while we are preparing our defenses on the economic and military fronts, we must not allow ourselves to be diverted from our firm and noble purpose. It is with encouragement therefore that we have witnessed the unity so notably displayed by the United States, Great Britain, and France at the recent meeting in Berlin—a unity that held

fast despite diversionary tactics which sought to divide and play off one against the other.

Our partnership with Spain likewise must be forged in an unbreakable manner, on good will and mutual, sovereign cooperation. In this way we shall go forward toward world peace and security, devoted to the high cause in which we believe.

We are beginning the year 1954 with confidence that our two nations, in the cooperative spirit that marked the signing of our economic and military agreements last September, will make substantial progress this year in carrying out these accords. Each step will add hope and promise to the West while proving to the forces which seek to divide and conquer us that they face a hopeless task.

Release of John Hvasta

Press release 147 dated March 19

Following are the texts of (1) a letter addressed by John Hvasta to Secretary Dulles on March 4 and (2) Secretary Dulles' reply dated March 16:

LETTER FROM MR. HVASTA

MARCH 4, 1954

MY DEAR MR. SECRETARY: I am most grateful for your good wishes on my return home to the United States after so many years of unjust imprisonment in Communist Czechoslovakia.¹

As I'm sure you understand, it was a difficult time, but still an encouraging one—since I found so many friends of our country behind the Iron Curtain.

The good services of the State Department and of yourself were, of course, most helpful during all that time—a debt that I shall not easily be able to repay. The help of the truly democratic, freedom-loving people of Czechoslovakia was also very substantial in preserving me through these long months.

As you know, I was received and welcomed in our Embassy in Prague as well as given everything necessary to restore me to normal life once more. I take this opportunity to convey my thanks through you to Ambassadors George Wadsworth and U. Alexis Johnson, who were directly very helpful. Please transmit my deepest gratitude to all the other members of our Prague Embassy and of the Department who were so considerate. The well-kept secret of my four month stay at our Embassy is to be credited directly to you and your officials.

Most sincerely

JOHN HVASTA

¹ For text of the letter from Mr. Dulles expressing his gratification at Mr. Hvasta's release, see BULLETIN of Feb. 22, 1954, p. 273; for a statement by the Department on the freeing of Mr. Hvasta, see *ibid.*, Feb. 15, 1954, p. 251.

MARCH 16, 1954

DEAR MR. HVASTA: Your letter of March 4, 1954, is appreciated by all of us, in the Department and abroad, who worked for your freedom and return to this country. We are happy to have you back home again and wish you success as you resume your life here.

Sincerely yours,

JOHN FOSTER DULLES

Export-Import Bank Report

The Export-Import Bank of Washington on March 11 transmitted to the Congress and the President its semiannual report for the half year which ended December 31, 1953.¹ The bank is the foreign lending agency of the U.S. Government.

During this period the bank authorized new credits in the amount of \$171.9 million and allocated \$13.4 million to specific projects financed under credits previously authorized. In the same 6-month period, the bank disbursed \$424.3 million under loan authorizations and received repayments of principal amounting to \$138 million plus interest payments of \$43 million.

As of December 31, 1953, outstanding loans of the bank were \$2.8 billion, with loan commitments not yet paid out amounting to \$519.1 million, which brought the total of active credits to \$3.4 billion, leaving an uncommitted lending authority of \$1.1 billion.

The bank reports net earnings of \$28,446,467 from its lending operations for the half year ended December 31, 1953. Gross interest earnings amounted to \$43,049,729 for the period. Operating expenses consisted of \$14,050,651 interest paid to the U.S. Treasury and administrative expenses of \$552,611. The bank pays interest to the Treasury at a rate determined by the Secretary of the Treasury and based upon average cost to the Treasury of the funds borrowed in the market. The current rate of new borrowings of the bank from the Treasury declined from 2½ percent in July to 2 percent at the close of the period.

During the period under review the bank completed its arrangements to issue war risk and expropriation insurance as directed by Public Law 30 enacted by the 83d Congress in May 1953.

In addition to its regular lending operations during the half year, the bank disbursed \$7,136,361 as agent for the Director of the Foreign Operations Administration. As of December 31, 1953, outstanding loans disbursed by the bank as agent

under the Economic Cooperation Act of 1948, as amended, totaled \$1.5 billion, and interest totaling \$51,480,536 has been collected on these loans.

Under the Defense Production Act of 1950, as amended, the bank disbursed \$7,493,210 during the period under review for the production of essential metals abroad. Outstanding balances of such loans amounted to \$7,862,632 as of December 31, 1953.

The bank is one of the profitable financial activities of the U.S. Government. It paid a dividend of \$22.5 million to the Treasury on July 1, 1953, out of profits made during the fiscal year ended June 30, 1953. Undivided profits and accumulated reserve totaled \$324.1 million as of December 31, 1953.

The bank's activities during the last half of 1953 included loans to countries in Latin America, Europe, Africa, and the Far East. Loans were outstanding in 46 countries on all continents. Loans were made to finance the sale of commodities and to assist U.S. suppliers in the sale of equipment abroad. Bank loans were also made for economic development purposes and for the development and expansion of foreign resources and strategic materials and materials essential for U.S. industries.

Reorganization Plan No. 5, transmitted by the President to the Congress on April 30, 1953,² went into effect on August 5, 1953, when Maj. Gen. Glen E. Edgerton took office as Managing Director and assumed the functions formerly performed by the five-man Board of Directors. The Managing Director is assisted by Lynn U. Stambaugh, Deputy Director, and Hawthorne Arey, Assistant Director, as provided for in the Reorganization Plan.

Export-Import Bank Makes Loan in Cuba

The Export-Import Bank of Washington on March 14 announced authorization of an additional credit of \$12 million to the Cuban Electric Company. The additional credit will assist the Cuban Electric Company in the purchase of U.S. materials, equipment, and services estimated to cost \$28 million in connection with an expansion program having a total cost equivalent to \$51 million. A substantial part of the funds required for the program will be obtained from the sale of debt securities in Cuba and loans from Cuban financial institutions including Nacional Financiera de Cuba. Thus Cuban and American capital will participate in financing the program.

Cuban Electric Company is one of the most important subsidiaries of the American & Foreign

¹ Copies of the report may be obtained from the Superintendent of Documents, U.S. Government Printing Office, Washington 25, D. C. (30 cents).

² BULLETIN of July 13, 1953, p. 49.

Power Company, Inc., and supplies electric service to Habana and the other principal communities. Its service area extends over most of Cuba.

The demand for power in the area served by Cuban Electric Company has been increasing at such a rate that the present capacity of the company is unable to meet it. The proposed construction program will increase the generating capacity of the company by 84,000 kw.

The credit will not only assist exports of U.S. goods and services required for the construction program, but will also create a demand for additional U.S. goods as a result of the increased power supply in Cuba.

This credit will be consolidated with an existing credit of \$12 million made by the bank in 1951. The consolidated credit of \$24 million will bear an interest rate of 5 percent per year and will be repayable in semiannual installments over a 20-year period beginning in 1956.

It is expected that funds for this loan will be obtained from private financial institutions in the United States under the bank's guaranty.

Australia Borrows \$54 Million From International Bank

On March 2 the International Bank for Reconstruction and Development made a loan of \$54 million to the Commonwealth of Australia. The loan will be used for the import of capital goods and equipment needed for development in the following fields: agriculture and forestry, road, rail and air transport, electric power, and various industries. The loan will benefit both private and public enterprise; goods imported with the proceeds will be used by farmers, private businesses, and Commonwealth and State authorities.

About one-quarter of the bank's loan will be used for agriculture. Although Australian industries are growing rapidly, agriculture still accounts for 80 percent of the country's earnings from exports. In recent years, much stress has been put on raising agricultural production, and farmers have materially increased their purchases of tractors, hay balers, and other mechanical equipment. At the same time the Commonwealth and State governments have been pushing ahead with projects to increase land use and productivity through reclamation, irrigation, and water conservation. The foreign exchange provided by the current loan will make possible continuing imports for the improvement of existing farms and for opening up new areas to cultivation. Tractors, earth-moving equipment, farm implements, harvesting equipment, and components for their manufacture in Australia will be bought under the loan. The loan will also provide tractors and forestry equipment for the exploitation of forest resources.

About three-fifths of the loan will be used to improve transportation. Australia's rapid economic growth has put increasing burdens on transport facilities of all kinds, and the problem has been accentuated by the long distances to be traveled on the continent. Both Commonwealth and State authorities have been carrying forward extensive plans to improve roads and highways and to expand rail service through the addition of modern equipment, motive power, and rolling stock. Under this loan, funds will be provided for the import of medium and heavy trucks suited to Australian road conditions and for equipment to construct and maintain roads. One million dollars of the loan has been allocated to railway improvement and will be used mainly to purchase components needed for the manufacture of diesel locomotives in Australia.

Much of the amount allocated to transport will be used to modernize and expand air-travel services. Air transport plays an important role both domestically and in international travel to and from Australia. Australia's stable climatic conditions are favorable to air transport, and an extensive network of scheduled air routes has been in operation for many years. The new loan will help pay for four four-engined aircraft to be used in domestic service and for eight four-engined aircraft to be used in international service.

The remainder of the loan amounting to about one-seventh of the total, will assist in the continuing development of electric power and of manufacturing industries. It will be used to buy equipment for iron and steel production, food processing, chemical production, textile processing, mining, metallurgy, metal working and fabricating, and to buy specialized electrical equipment.

This is the third loan made by the bank to assist in financing the development of Australia. A loan of \$100 million, made in August 1950, has been completely disbursed. Three-fifths of the second loan, for \$50 million, made in July 1952, has been disbursed. The loan of March 2 will help cover Australian imports of capital equipment through September 1955.

The loan is for a term of 15 years and bears interest at the rate of $4\frac{3}{4}$ percent per annum, including the 1 percent commission which will be allocated to the bank's special reserve. Amortization will begin in March 1957.

After having been approved by the bank's executive directors, the loan agreement was signed by the Australian Chargé d'Affaires ad interim in Washington on behalf of the Commonwealth of Australia and by Robert L. Garner, vice president, on behalf of the International Bank.

Improvement in Australian Economy

Since the war, economic development in Australia has been rapid. Beginning in 1949, a large

volume of immigration added to the problems caused by the normal backlogs of consumption and investment demand resulting from the war. Consequently, until early 1952 the process of development was accompanied by continuous inflationary pressure which was at its greatest in 1950 and 1951; and production in the basic economic activities such as agriculture, coal mining, and power was not sufficient to meet rapidly growing demands.

In 1951 strong anti-inflationary action was taken by both the Commonwealth Bank and the Treasury. The budget was designed to produce a large surplus; tax adjustments were made to discourage consumption and investment; and more restrictive monetary and credit policies were adopted. At the same time the rate of immigration declined, and a general improvement in the supply position in the rest of the world led to a large increase in Australia's imports and a substantial balance-of-payments deficit. These forces combined to bring about a sharp reduction in the liquidity of the economy, and the inflation was brought to a halt. During 1952 Australia experienced a mild recession while the heavy imports of the previous few months were absorbed. By early 1953 the small amount of unemployment which had made its appearance in 1952 was diminishing and economic expansion was resumed, though without the steady inflationary pressure which had accompanied the earlier period. In future, therefore, Australian development should be able to proceed without the distorting effects of excessive demand.

The effects of the high level of investment in Australia since the war are now beginning to be apparent. The lags of production in basic industries are now largely overcome. In particular there has recently been an increase in agricultural production, which is of fundamental importance to an economy relying largely on earnings from agricultural exports to purchase the imports it needs. Until the 1952-53 season the failure of agricultural production to expand was a matter of concern in Australia. Since 1939, population had been increasing at about twice the rate of increase of agricultural production so that in 1951-52, which was admittedly an unfavorable season, agricultural production was only 4 percent higher than prewar, whereas population was up 24 percent. The 1952-53 season showed a great improvement, total agricultural production being 18 percent above prewar. The most striking development was a 20 percent increase in the wool clip to 1,280 million pounds, an alltime record. The production of wheat, meat, and sugar also increased substantially. Altogether exports of agricultural produce increased to £A740 million from £A560 million the previous season. The excellent results of the 1952-53 season are only partly due to favorable weather; they also reflect the greater use by farmers of equipment and materials.

Previously farm output had suffered because of shortages of such things as tractors, mechanical harvesters, fertilizers, wire netting, and fencing. Increases in both imports and local production of these essentials in recent years did much to relieve this position and pave the way for growing agricultural production in the future.

The improvement in the Australian economy has also been apparent in industry, where the increase in production since 1946-47 has been substantial, for example: 60 percent in electricity, 30 percent in coal, and 45 percent in pig iron. New capacity under construction is expected to result in a substantially increased output of flat rolled-steel products and refined petroleum in the next year or two.

However, to maintain in the future the rate of progress which has been achieved in the last few years, Australia still needs imported capital equipment in addition to that which can be purchased from her own resources. The bank loan is designed to fill this need.

Exemption of Functions Under Mutual Security Act

EXECUTIVE ORDER 10519¹

SPECIFICATION OF LAWS FROM WHICH FUNCTIONS AUTHORIZED BY MUTUAL SECURITY ACT OF 1951, AS AMENDED, SHALL BE EXEMPT

By virtue of the authority vested in me by section 532 of the Mutual Security Act of 1951, as added by section 7 (n) of the Mutual Security Act of 1952 (Public Law 400, approved June 20, 1952, 66 Stat. 146), it is hereby determined that, to the extent hereinafter indicated, the performance of functions authorized by the said Mutual Security Act of 1951, as amended (including, except as hereinafter otherwise specified, the performance of functions authorized by the Act for International Development, as amended, the Institute of Inter-American Affairs Act, as amended, and the Mutual Defense Assistance Act of 1949, as amended), without regard to the laws specified in the lettered subdivisions of sections 1 and 2 of this order will further the purposes of the said Mutual Security Act of 1951, as amended.

Section 1. With respect to functions authorized by the Mutual Security Act of 1951, as amended, except those exercised by the Department of Defense under authority of section 506 of said Act or the Mutual Defense Assistance Act of 1949, as amended:

(a) The act of March 26, 1934, c. 90, 48 Stat. 500, as amended (15 U. S. C. 616a).

(b) Section 3648 of the Revised Statutes, as amended, 60 Stat. 809 (31 U. S. C. 529).

(c) Section 305 of the act of June 30, 1949 (the Federal Property and Administrative Services Act of 1949), c. 288, 63 Stat. 396 (41 U. S. C. 255).

(d) Section 3709 of the Revised Statutes, as amended (41 U. S. C. 5).

(e) Section 3710 of the Revised Statutes (41 U. S. C. 8).

(f) Section 2 of the act of March 3, 1933, c. 212, 47 Stat. 1520 (41 U. S. C. 10a).

(g) Section 3735 of the Revised Statutes (41 U. S. C. 13).

(h) Section 901 of the act of June 29, 1936, c. 858, 49 Stat. 2015 (46 U. S. C. 1241).

¹ 19 Fed. Reg. 1333.

Section 2. With respect to purchases authorized to be made outside the continental limits of the United States under the Mutual Security Act of 1951, as amended.

(a) Section 10 (1) of the act of July 2, 1926, c. 721, 44 Stat. 787, as amended (10 U. S. C. 310 (1)).

(b) Section 4 (c) of the act of February 19, 1948 (the Armed Services Procurement Act of 1947), c. 65, 62 Stat. 23, as amended, 65 Stat. 700 (41 U. S. C. 153 (c)).

(c) Section 304 (c) of the act of June 30, 1949 (the Federal Property and Administrative Services Act of 1949), c. 288, 63 Stat. 395, as amended, 65 Stat. 700 (41 U. S. C. 254 (c)).

(d) The last proviso of section 201 of the act of December 18, 1949 (the First War Powers Act, 1941), c. 593, 55 Stat. 839, as amended, 64 Stat. 1257 (50 U. S. C. App. 611).

(e) Section 1301 of the act of March 27, 1942 (the Second War Powers Act, 1942), c. 199, 56 Stat. 185 (50 U. S. C. App. 643).

This order supersedes Executive Order No. 10387 of August 25, 1952, 17 F. R. 7799, entitled "Specification of Laws from Which Certain Functions Authorized by the Mutual Security Act of 1951, as amended, shall be Exempt," and Executive Order No. 10446 of April 17, 1953, 18 F. R. 2209,² entitled "Specification of Laws from Which the Escapee Program Administered by the Department of State shall be Exempt."



THE WHITE HOUSE,
March 5, 1954.

Confirmation of Members of Information Advisory Commission

The Senate on March 17 confirmed the following to be members of the U.S. Advisory Commission on Information:

Mark A. May (reappointment)
Justin Miller (reappointment)
Sigurd S. Larmon (in place of Ben Hibbs, whose term had expired)

U.N. Administrative Tribunal Awards of Compensation

Press release 134 dated March 15

The United States filed on March 15, pursuant to article 66 of the Statute of the International Court of Justice, a written statement, furnishing information concerning the questions submitted for advisory opinion to the International Court of Justice by General Assembly Resolution of December 9, 1953.³ The questions are first, whether the General Assembly may legally, for whatever grounds, refuse to give effect to awards of com-

ensation made by the U.N. Administrative Tribunal, and, second, on what grounds it may rely.

The decision to refer these questions to the International Court of Justice was made by the General Assembly as a result of considering awards totaling about \$180,000 made by the Administrative Tribunal of the United Nations during 1953 to certain U.S. citizens, staff members of the United Nations, who were dismissed by the Secretary-General after they had refused to answer various questions concerning Communist Party membership or activity, and espionage, which they had been asked by a subcommittee of the U.S. Senate. As is clear from the questions, which are quoted below, the merits of those awards is not the issue before the Court. The U.S. statement does not discuss the merits of the awards. The U.S. position, in opposition to payment of the awards, was made known last fall when it was put before the General Assembly by the U.S. delegate, Congressman James P. Richards.⁴ There is nothing new to add on this aspect of the matter.

The text of the questions put to the Court is:

(1) Having regard to the Statute of the United Nations Administrative Tribunal and to any other relevant instruments and to the relevant records, has the General Assembly the right on any grounds to refuse to give effect to an award of compensation made by that Tribunal in favour of a staff member of the United Nations whose contract of service has been terminated without his assent?

(2) If the answer given by the Court to question (1) is in the affirmative, what are the principal grounds upon which the General Assembly could lawfully exercise such a right?

The U.S. statement answers the first question "yes." It examines the origin, nature, and charter basis of the Administrative Tribunal and concludes that it remains subsidiary to the General Assembly which established it, which remains responsible for its work, and which must have power to correct its errors. It recites the precedent of the action of the League of Nations Assembly which, in 1946, refused to give effect to 13 awards of compensation made by the League of Nations Administrative Tribunal. The Statute of the United Nations Tribunal was modeled on that of the League.

The statement points out that the U.N. Tribunal lacks a fully developed and accepted body of law, a long judicial development, or even a system of appellate or internal review which are among the cornerstones of such national institutions as the U.S. Federal Courts or the French Conseil d'Etat and which minimize the chances of error. Only the General Assembly can assure the proper development of the Tribunal and retrieve errors it may make.

The statement emphasizes that the budgetary

⁴ For Mr. Richards' statement on the awards in Committee V (Administrative and Budgetary), see U.S. delegation press release 1847 of Dec. 2, 1953; for an earlier statement on personnel questions in general, see BULLETIN of Dec. 21, 1953, p. 873.

² BULLETIN of Apr. 27, 1953, p. 611.

³ Res. 785 A (VIII).

power of the General Assembly is established by the charter and that the Assembly cannot divest itself of responsibility for its exercise. Not only has the General Assembly the right to consider and approve or disapprove a budget item, it has no right to avoid the conscientious discharge of this responsibility.

With regard to the second question, the statement points out a variety of reasons why the General Assembly might decide to refuse to give effect to awards of the Tribunal. They are:

Mistaken reliance by the Tribunal upon false representations of a party in a case:

Interpretation and application of regulations established by the General Assembly with effect contrary to the express or reiterated intent and object of the General Assembly, such as: awards made in flagrant disregard of the statute or rules, to the prejudice of either party; *ultra vires* awards; decisions premised on serious misconstruction of the charter, particularly in regard to the powers and responsibilities of the principal organs, such as: decision invading charter powers or discretion of the Secretary-General, or decision violative of article 101 (3) of the charter;

Decision contrary to an advisory opinion of the International Court of Justice;

Awards arbitrary or unreasonable on their face;

Important and inconsistent decisions giving rise to serious uncertainties in the administration of the Secretariat;

Awards entailing impossible financial consequences for the Organization. Needless to say, duress exercised upon the Tribunal, corruption of the Tribunal, or action evidencing prejudice and improper motives of any of its members would call for similar action by the General Assembly.

It concludes that "the answer to Question (2) is that, as a matter of law, the General Assembly must rely upon policy grounds in refusing to give effect to awards of the Tribunal, acting with due regard for relevant Charter provisions, such as the express stipulation of a 'paramount consideration' in Article 101."

The United States must await an opportunity to examine the statements admitted by other governments before deciding upon its next step in the present proceedings.

THE DEPARTMENT

Confirmation

The Senate on March 17 confirmed the nomination of David McK. Key to be an Assistant Secretary of State.

March 29, 1954

Designations

David S. Smith as Special Assistant to the Acting Deputy Under Secretary for Administration, effective March 18.

David W. Wainhouse as Deputy Assistant Secretary for United Nations Affairs, effective March 1.

Current Legislation on Foreign Policy: 83d Congress, 1st Session

Tensions Within the Soviet Captive Countries: Bulgaria. Part 1. S. Doc. 70, July 28 (legislative day, July 27), 1953, VI, 25 pp.

Korean War Atrocities. Hearing before the Subcommittee on Korean War Atrocities of the Permanent Subcommittee on Investigations of the Senate Committee on Government Operations Pursuant to S. Res. 40. Part 3, December 4, 1953, pp. 149-228.

Activities of United States Citizens Employed by the United Nations. Hearings before the Subcommittee To Investigate the Administration of the Internal Security Act and Other Internal Security Laws of the Senate Committee on the Judiciary. October 2, 29, and December 22, 1953, part 5, pp. 643-695.

83d Congress, 2d Session

Overseas Information Programs of the United States. Hearing before a Subcommittee of the Senate Committee on Foreign Relations. Part 3, January 15, 1954, pp. 1563-1642.

Exchange of Surplus Agricultural Commodities. Hearing before the Subcommittee on Real Estate and Military Construction of the Senate Committee on Armed Services. January 27, 1954, 22 pp.

Commission on Foreign Economic Policy. Minority Report. H. Doc. 290, Part 2, January 30, 1954, V, 20 pp.

Fifteenth Semiannual Report of the Atomic Energy Commission. S. Doc. 78, January 1954, VIII, 151 pp.

Voice of America. Report of the Committee on Government Operations Made by Its Senate Permanent Subcommittee on Investigations Pursuant to S. Res. 40. S. Rept. 928, February 3 (legislative day, January 22), 1954, 14 pp.

International Sugar Agreement. Message from the President of the United States Transmitting the International Sugar Agreement, Dated in London, October 1, 1953. S. Exec. B, February 3, 1954, 36 pp.

Granting of Permanent Residence to Certain Aliens. Report to accompany H. Con. Res. 197. H. Rept. 1177, February 4, 1954, 2 pp.

Departments of State, Justice, and Commerce Appropriations for 1955. Hearings before the Subcommittee of the House Committee on Appropriations. Department of State, United States Information Agency. January 25-February 4, 1954, 593 pp.

Discontinuing Certain Reports Now Required by Law. Report to accompany H. R. 6290. Committee on Government Operations. H. Rept. 1193, February 8, 1954, 12 pp.

Annual Report of the Committee on Un-American Activities for the Year 1953. H. Rept. 1192, February 6, 1954 (original release date), February 8, 1954, VII, 195 pp.

Report to Congress on the Mutual Security Program

The President transmitted to the Congress on March 8 a Report to Congress on the Mutual Security Program for the Six Months Ended December 31, 1953.¹ Printed below are the texts of the President's letter of transmittal and chapter I of the Report, entitled, "Foreign Operations: A Progress Report." Titles of the other chapters are "Europe," "Near East, Africa, and South Asia," "Far East," "American Republics," and "Other Parts of the Program."

PRESIDENT'S LETTER OF TRANSMITTAL

To the Congress of the United States:

I am transmitting herewith the report on the Mutual Security Program covering operations during the 6-month period, June 30, 1953, to December 31, 1953, in furtherance of the purpose of the Mutual Security Act of 1951, as amended.

In this report is factual evidence of valuable progress being made through mutual efforts toward the vital goal of increased security for this Nation and all the free world.



THE WHITE HOUSE,
March 8, 1954

FOREIGN OPERATIONS: A PROGRESS REPORT

A series of new and vital measures to promote the defense capabilities, economic strength, and technical advance of the peoples of the free world marked the progress of the mutual security program during the second half of 1953. These measures reached into every part of the globe, from Latin America to Western Europe to the Near East and Africa and around to South Asia and the Far East. They embraced a multitude of action programs, diverse in character and varied in approach, but all with one central objective: "to maintain the security and promote the

foreign policy of the United States." This is the objective laid down by the Congress, and every step taken under the mutual security program has been directed toward its accomplishment.

The Soviet Union and the governments under its control by their actions and attitudes continue to threaten world peace. The mutual security program is based on the practical concept that no one nation, including the United States, can meet this threat with maximum effectiveness by acting alone. The resources and capabilities of the entire free world, strengthened and united in a mutual effort, constitute the best insurance against further aggression and the best means ultimately to remove the tensions and fears which so greatly retard world progress.

Because the threat has manifested itself in so many forms and in so many places, the United States of necessity has moved on a number of fronts. But, everywhere, the basic purpose of our operations abroad has been to build strength and stability throughout the free world. This purpose underlies all mutual security programs whether they concern military aid, economic support, technical cooperation, or world-wide use of our farm surpluses. These measures reinforce the security of the United States; simultaneously, they help to increase the self-reliance of our free world allies.

In terms of tangible returns for the United States, the mutual security program provides overseas military bases, combat-ready manpower greater in numbers than our own, more productive sources of strategic materials, added industrial capacity, and healthier, stronger partner nations. Above all, it encourages millions of people to work with us in the unceasing quest for world stability and world peace.

ECONOMIC IMPROVEMENT AND SHIFT IN EMPHASIS OF AID

Of particular importance in influencing the recent course of United States mutual security programs has been the general improvement in world economic conditions.

One indication of the strong recovery in the economic health of the free nations of the world lies in a comparison of United States aid and United States exports over the past 4 years. In 1949, this country financed about 35 percent of its total exports of nonmilitary goods and serv-

¹ H. Doc. 337, 83d Cong., 2d sess.

ices by grants and loans. In 1953, only about 15 percent was financed by United States aid.

Western Europe, in particular, has made a steady advance. European industrial and agricultural production has risen to new peaks, gold and dollar reserves have increased substantially, currencies have become firmer, inflationary pressures have generally leveled off, and the defense position of the European NATO countries has continued to strengthen.

These achievements—tangible evidence of the successful combination of United States aid and the energies of the European people—gradually have made it possible to reduce our assistance to Western Europe as a whole. For the future, as the Director of the Foreign Operations Administration, Mr. Harold E. Stassen, noted following his return from the November meeting of the Ministers of the Organization for European Economic Cooperation, "there is a very definite indication that Western Europe can maintain substantially its current defense budgets, and at the same time move forward on a sound economic basis with a considerable reduction in military aid and also—with a few exceptions—the termination of United States economic assistance."

The economic achievements in Europe have permitted a proportionately greater concentration on United States technical cooperation and special economic aid programs in the less developed areas of the world. By carefully planned and properly supported undertakings in these areas, by pinpointing projects on a selected priority basis, by more intensive effort on the part of the participating countries, and by our own cooperative assistance, there is every reason to believe that the peoples of the underdeveloped countries will lift themselves onto much higher levels of economic well-being.

EXPANDED TECHNICAL COOPERATION

A world-wide technical cooperation program has been developed and expanded by the Foreign Operations Administration to meet the need for a long-range and relatively economical method of carrying out United States policy objectives for world stability. During the last 6 months, recruitment of qualified technicians has improved, and the United States now has more specialists in the field than ever before. These professional experts, working on the spot and close to the problems at hand, are imparting knowledge of modern methods to the people of the less developed areas. Through increasingly productive cooperative relationships and individual contacts, the foundation to future progress in the underdeveloped areas is being laid. Present plans project an expanding program of technical cooperation, with economic aid, where it is essential, carefully geared into the objectives of the various individual projects.

There are good and compelling reasons why technical cooperation operations must be planned and executed within the overall framework of the total United States effort to help promote world progress. In most areas, the effectiveness of a technical cooperation program is closely involved with important economic considerations. In some countries, such as Bolivia, for example, technical cooperation must be related to the problem of diversifying a single-industry economy. In other countries, such as India, the technical cooperation program has to be planned with a view to the ultimate effects on the labor force, particularly with regard to possible increases in unemployment or disrupting shifts as between agriculture and industry.

Integration of technical and economic measures for planning and operating purposes increases the effectiveness of each component, and thereby the impact of the total program. This does not imply subordination or amalgamation so that the technical cooperation programs lose the enormous good will they have built up over the years. There continues to be a clear-cut technical cooperation program in each country taking part in the technical cooperation effort.

The effectiveness of the technical cooperation program is being further enhanced by enlarging the opportunities for United States colleges and universities to participate directly in country projects. The Foreign Operations Administration is assisting American universities to develop local technical centers in the host country; there are currently 30 universities under contract in 17 countries.

Some of these contracts are directly with the Foreign Operations Administration; others are with the local universities of the foreign countries. As part of the effort to increase the participation of United States colleges and universities in technical cooperation programs, arrangements are being made to extend contracts over a three-year period. United States institutions would be encouraged to assist foreign institutions in such fields as agriculture, health, education, public administration, and engineering.

AID, TRADE, AND U.S. ECONOMIC HEALTH

Expanded world trade is of vital importance in the effort to build greater world stability and ultimately remove the requirements for large-scale United States assistance. As the previous Report to Congress on the Mutual Security Program² pointed out, the American economy cannot be divorced from the world economy. That report gave specific instances to show that America's great productive capacity could not be long maintained, let alone enlarged, without the vast quantities of basic materials provided by other coun-

²For the period ended June 30, 1953. [Footnote in the original.]

tries. It also showed that the high level of our prosperity, particularly with regard to the farmer, depends to a great extent upon the amount of goods other countries are able to buy from us, and it brought out the vital importance of two-way international trade to our own continued economic prosperity.³

Recent statistics strikingly re-emphasize these same hard facts. United States total agricultural exports for the 1952-53 crop year amounted to \$2.8 billion. Significant though this figure is in showing the magnitude of American farm income derived from abroad, it is, nevertheless, 30 percent below the agricultural export figure for the preceding 12 months of 1951-52, and 20 percent below the 5-year average for the crop years 1947-52. The volume of exports of wheat and wheat flour in crop year 1953 dropped by 33 percent under the previous 12-month period; lard dropped by 33 percent; and cotton and cotton linters, by 50 percent. Though farm exports evidenced an upward trend during the latter half of 1953, they were still substantially under the 1947-52 average.

American industry, too, leans heavily on its foreign markets. As of the third quarter of 1953, our nonagricultural exports, excluding military aid shipments, were running at the rate of about \$9 billion for the year. On the same basis, these are some of the items American industry exported for the full year 1953; over 250,000 automobiles and trucks; almost 500,000 refrigerators and freezers; almost 12 million barrels of lubricating oil; and more than \$1 billion worth of machine tools, agricultural machinery, and tractors.

Our farms and factories could ill afford to lose these enormous sales abroad, but the extent to which the foreign market for American goods contracts or enlarges depends in great measure upon the amount of dollars other countries have available to spend. With economic aid tapering off, a constantly expanding volume of international trade, coupled with increased outflow of private United States investment capital, is the only real, long-term solution to dollar shortages abroad. In this connection, it should be noted that much of the improvement in Western Europe's gold and dollar reserves has been due to the extraordinary United States military expenditures in Europe and to the fact that the European countries as a whole have been buying less from the hard-currency areas. Other countries of the world, also, have in general been trying to conserve their dollar exchange. As a result, the overall volume of international trade has remained rather constant. This is not the sort of stability we are seeking. Stable economies should not mean static economies. This could lead only to eventual economic stagnation. Rather we look to increase the flow of mutually profitable world-wide trade.

It is an exceedingly difficult and complex task to develop a national trade policy consistent with America's position as the world's greatest creditor and greatest producer, and, at the same time, not place inequitable burdens either upon specific segments of the American economy or upon other nations who must earn their living in the world. Yet, unquestionably, if the nations of the world are to flourish and move on to higher levels of trade, production, and living standards, the formulation and activation of such a policy is of utmost importance.

In this connection, the recommendations recently made by the President's bipartisan Commission on Foreign Economic Policy, headed by Clarence B. Randall,⁴ are being carefully considered.

THE NEED FOR PRIVATE INVESTMENT ABROAD

Along with other measures, international investment plays an essential part in achieving a larger volume of world trade and production. Private investment abroad brings two-way benefits. It enables the recipient country to make more rapid strides toward development of its own resources, toward greater productivity of its agriculture and industries, and toward better living standards for its people. For the investor, in addition to immediate monetary returns in the form of earnings and reinvestment capital, it brings new markets and a wider demand for his products; in many cases, it provides additional sources of needed supplies. During the 6-month period, discussions were carried on with various governments on ways to utilize United States private investment capital to the greater mutual advantage of the investor and the country involved. These discussions proved particularly fruitful with reference to Turkey. The Turkish Government has passed legislation to remove many of the obstacles which heretofore have retarded the use of private development capital.

RAISING WORLD LIVING STANDARDS

In any consideration of the various ways by which the United States can assist other countries in their efforts to make better use of their resources and speed their development, we must keep sight of the fact that our primary concern is not with production statistics and index numbers, but with people. The ultimate aim of our technical and economic programs is to advance the well-being and improve the standard of living of the individual farmer and the individual worker.

Western Europe has the world's largest reservoir of skilled manpower and is second only to the United States in industrial capacity. Yet per capita gross national product for Western Europe as a whole—that is, the individual share of the

³ BULLETIN of Sept. 21, 1953, p. 3S4.

⁴ *Ibid.*, Feb. 8, 1954, p. 1S7.

value of total goods and services produced—is less than \$600 a year, compared to over \$2,200 a year in the United States.

The industrial worker in Europe lags far behind his American counterpart in terms of what he can purchase for the work he does. In Great Britain, for example, in 1953, one hour's wages bought about 60 percent of the food that an hour's wages bought in the United States. In France, it bought about 50 percent; in Germany, 40 percent; in Italy, 30 percent. These comparisons include certain subsidies and allowances which in some instances supplement take-home pay, but even with these added factors the purchasing power of the average European worker remains far below that of his counterpart in this country.

In the less developed areas of the world, the situation is far worse than in Europe. In most of Asia and the Near East, per capita gross national product is less than \$100 a year. In Latin America, although there is a wide variation among countries, the average is below the levels required to support an adequate standard of living.

It is essential to any forward economic movement that effective steps be taken to improve world living standards by increasing the real wages of the worker, and by achieving higher productivity and greater output to meet the expanding purchasing power.

The United States has consistently encouraged the efforts of other nations in their work toward these ends. It has actively supported European measures to eliminate restrictive practices, liberalize intra-European trade, and create a single European market based on expanded production and healthy competition. It has attempted, through its productivity programs in various countries of the world, to insure that the benefits of increased turnover and greater productive efficiency are shared equitably with workers and consumers. Through pilot projects and person-to-person demonstration methods, our technicians have shown practical means by which the farmer and the worker in the underdeveloped areas can improve their methods of production.

These measures, however, cannot do more than stimulate and reinforce the far greater self-help measures of the other nations of the free world. Theirs is the main task of carrying forward the difficult, but imperative, actions required to satisfy the needs and aspirations of their peoples.

A Period of Positive Actions

The period covered by this report—July 1 through December 31, 1953—was highlighted by a number of noteworthy actions under the mutual security program:

MILITARY DEFENSE

Global Military Shipments.—A growing supply of essential military weapons and equipment

continued to flow to our allies in all parts of the world. Total shipments in 1953 amounted to \$3.8 billion—more than 60 percent higher than in 1952, although shipments during the second half of the year were running at a somewhat lower rate than during the first half-year period. The cumulative value of military grant-aid shipments from the inception of the military assistance program in October 1949 through December 31, 1953, totaled \$7.7 billion. Almost 50 percent of this 4-year total was shipped during 1953.

On a global basis, the major items delivered through December 31, 1953, included:

- 99,444 electronics and signal equipment items.
- 30,792 tanks and combat vehicles.
- 176,343 motor transport vehicles.
- 30,037 artillery pieces.
- 35,372,000 rounds of artillery ammunition.
- 601 Navy vessels.
- 5,340 aircraft.

Almost 2 million small arms and machine guns were shipped, along with about 1,100 million rounds of small arms and machine gun ammunition.

NATO Buildup.—The NATO force goals for 1954, agreed upon by the 14 member countries at the end of 1953, call for a 5-percent increase in army divisions, a 15-percent increase in naval vessels, and a 25-percent increase in aircraft. The European NATO countries spent over \$11.5 billion on defense measures in 1953. To meet the force goals, these countries plan a moderate increase in their military expenditures during 1954. This increase follows a more than twofold rise in expenditures since Korea.

The combined NATO forces had grown considerably by the end of 1953. As compared with January 1951, NATO's active divisions had more than tripled, and naval strength had also been considerably expanded. Plane strength had increased more than 2½ times; old-type piston-driven aircraft had been replaced by modern jets. Airfields had increased from 15 to more than 120; more were planned for the next 2 years.

Reinforcing the Military Effort in Indochina.—The United States made available an additional \$385 million to reinforce the effort of France and the Associated States of Indochina, Cambodia, Laos, and Viet-Nam in the 8-year-old war against the Communist-led Viet Minh forces. This amount was in addition to the \$400 million previously appropriated by Congress for special financial aid for fiscal year 1954. During the latter half of 1953, arrangements were made to channel this assistance to the Indochina theater of operations in order to give full support to General Navarre's plan for revitalizing the campaign against the Viet Minh aggressors.

The rate of United States military shipments to Indochina in 1953 was 50 percent higher than in 1952. Deliveries under the mutual security

program have included substantial quantities of ammunition, aircraft, transport and combat vehicles, naval vessels, and a wide range of other needed materiel.

A Combined Program for Spain.—After 18 months of negotiation, the United States signed three bilateral agreements with Spain in September 1953 to strengthen the defense capabilities of the West. These agreements covered: construction and joint use of military bases in Spain; military assistance; and economic aid and technical cooperation. For the fiscal year 1954, \$226 million has been programed for military and economic aid to Spain.

By the end of the year, a United States Operations Mission, for economic and technical programs, and a Military Assistance Advisory Group, both under the Ambassador, already were established in Madrid and working with the Spanish authorities to carry out the proposed programs.

ECONOMIC STRENGTH

Support to Korea.—Within 4 days of congressional approval in August of a \$200 million emergency aid program for Korea, the Foreign Operations Administration had dispatched initial supplies of needed rice, barley, and cotton; later, fertilizer and rubber were added. By the end of 1953, substantial quantities of these commodities had arrived in Pusan harbor.

Over \$400 million has been programed for fiscal year 1954 to be used to assist the courageous Korean people in their effort to rebuild and strengthen their war-torn country. This amount includes activities of the Foreign Operations Administration, the Department of Defense, and the United Nations Korean Reconstruction Agency. In December 1953, an agreement was signed with representatives of the Republic of Korea,⁵ covering necessary arrangements for an integrated program of economic recovery and financial stabilization.⁶

Bolstering Iran's Economy.—Iran was confronted with financial disaster at the time Prime Minister Zahedi took office in August 1953. To help the new and friendly Iranian Government through its economic crisis, the President made an emergency grant of \$45 million to Iran in September. Substantially all of these funds had been obligated by the end of the year for financing imports of urgently needed commodities and for temporary budget support. The immediate crisis was successfully met, but Iran continued to face a variety of deep-seated problems. The problem of oil exports, in particular must be solved if the

⁵ For text of agreement for a program of economic reconstruction and financial stabilization, see BULLETIN of Jan. 11, 1954, p. 65.

⁶ On January 26, 1953, Congress approved the Mutual Defense Treaty between the United States and the Republic of Korea. [Footnote in the original.]

country is to move toward more durable economic strength.

Aid to Bolivia.—Special programs of emergency economic aid and expanded technical cooperation were initiated for Bolivia to help the country meet a critical situation brought on by the sharp drop in world tin prices. Almost 60 percent of Bolivia's export trade consists of tin. With its foreign exchange seriously depleted by the loss of earnings from its main export item, the Bolivian Government lacked the resources to finance imports of needed food and other commodities in short supply.

In October 1953, \$5 million worth of surplus wheat and wheat flour were programed for shipment to Bolivia. Moreover, up to \$4 million of mutual security funds was programed for further economic aid, including the purchase of additional United States agricultural commodities.

In conjunction with these emergency programs, other measures were taken to provide more basic solutions to Bolivia's food problems. Another \$2 million was added to the technical cooperation funds for the country, and emphasis was placed on those projects which will most rapidly increase Bolivia's food production.

Recovery in Austria.—The determined efforts of the Austrian people, supported by United States assistance during the critical postwar years, have brought the Austrian economy to the point where no direct economic aid funds are required for the fiscal year 1954. Another name was thus added to the list of European countries whose economic progress has enabled them to continue building strength without further economic aid. These countries include Belgium, Denmark, Iceland, Ireland, Luxembourg, the Netherlands, Norway, Portugal, and Sweden.

Austria's economic progress testifies to the success of the joint recovery programs of Austria and the United States. For example, Austrian gold and dollar reserves increased by \$95 million during 1953 to reach a total of \$238 million at the end of the year. This represents a rise of more than 130 percent since 1951. Exports climbed from \$286 million in 1949 to an estimated \$530 million in 1953. Industrial production increased by nearly 40 percent in the same period.

The Austrian Government, in carrying forward its programs to increase industrial and agricultural productivity, will continue to participate in the United States technical cooperation program.

CONSTRUCTIVE USE OF FARM SURPLUSES

Agricultural Surpluses for Friendly Countries.—The desire of Congress to reduce surplus farm stocks is being meshed with our foreign economic programs. Under Section 550 of the mutual security legislation, Congress provided that from \$100 million to \$250 million of mutual security funds appropriated for fiscal year 1954

shall be used for the purchase of surplus agricultural commodities to be sold to friendly countries for foreign currencies.

The proceeds from such sales can be used for providing military assistance to our allies, for purchasing goods or services abroad to provide economic assistance, for loans to increase the production of strategic materials, and for similar constructive purposes. By the end of 1953, nearly \$60 million had already been allotted for sales of agricultural surplus commodities. (Total allotments through January 31, 1954, increased to nearly \$90 million. By the end of January, also, about \$80 million of additional sales were under active negotiation with a strong probability of concluding such sales within 60 days. Another \$100 million worth were under consideration, of which it was estimated that \$50-\$60 million worth might materialize.) Special precautions are being taken to safeguard against displacing usual marketings of either the United States or friendly countries.

Food Parcels to East Germany.—In a little over 2 months, nearly 1 million East Germans crossed to the western side of the Iron Curtain to pick up and take home about 5½ million parcels containing 18,000 tons of American food products. The United States, acting in cooperation with the West German Republic, instituted this food program in July 1953 to show by concrete action the concern of the West for the hungry people of East Germany.

Despite various pressure tactics by their Soviet-dominated government, the East Germans swarmed into the Western Zone to get the food they needed. The good will evoked by this humanitarian program, and the better understanding fostered between East Germans and the West, more than repaid the program cost.

Special Food-Package Program.—The various food programs of the United States serve as a means whereby the people of free world countries share directly in the benefits of our operations abroad. In addition to the "550" agricultural surplus and East German food programs, special food packages were distributed on a world-wide basis during Christmas-time 1953. These packages, holding 12 to 14 pounds of foodstuffs in abundant supply in this country were delivered to needy families in Western Europe, the Near East, and Latin America. With the cooperation of the foreign governments involved, the packages, marked with the clasped-hand emblem symbolic of United States programs abroad, were distributed through local charitable groups and other relief agencies.

Emergency Wheat Shipments.—The Pakistan wheat program was inaugurated in late July 1953 to counter the threat of famine which faced the friendly Pakistan people after two successive years of drought. By the end of December 1953, about 600,000 tons of wheat, programed under

special legislation, had been delivered or was en route. The Ambassador of Pakistan stated in November that receipt of the wheat from the United States was helping to save millions of his people from starvation.

During the second part of 1953, food relief programs were also carried out for Bolivia, Jordan, and Libya. Under these programs 57,200 tons of surplus wheat are being furnished to alleviate serious food shortages in these countries. Bolivia will receive 45,000 tons of wheat under the \$5 million emergency authorization for the country previously mentioned. Jordan received 10,000 tons of wheat; and Libya, 2,200 tons. The total value of the grain shipments to these three countries, programed under Public Law 216, is estimated at \$6.5 million.

STREAMLINING FOR GREATER EFFICIENCY

The Presidential reorganization plan creating the Foreign Operations Administration (FOA) became effective on August 1, 1953.⁷ By October 1, the necessary reorganization measures were completed. The Mutual Security Agency, the Office of the Director for Mutual Security, the Technical Cooperation Administration, the Institute of Inter-American Affairs, and several other formerly segmented foreign operations were merged into a single unified structure.

In carrying forward its various activities abroad, the FOA receives foreign policy guidance from the Secretary of State and guidance on military policy from the Secretary of Defense. Broad proposals for any major undertaking overseas are passed upon by the National Security Council. On this Council regularly sit as statutory members the President, the Vice-President, the Secretaries of State and Defense, and the Directors of the Foreign Operations Administration and the Office of Defense Mobilization. Approval by the National Security Council thus insures that the actions carried out under the mutual security program are coordinated with the nation's security interests.

The Public Advisory Board and the International Development Advisory Board, both composed of outstanding private representatives of the American people, also provide valuable advice on basic matters of foreign operations.

This integrated pattern of operation permits a more concentrated and effective approach to the problems of free world security and development. A specific situation of assistance to a given country, for example, may involve not only technical cooperation but also the question of raw materials prices, the relationships to our own stockpiling, the issue of East-West trade controls, the extent of the country's available markets, its economic and defense ties with neighboring countries,

⁷ For text of reorganization plan, see *ibid.*, June 15, 1953, p. 852.

and its capacity to absorb a certain scale and type of aid. All these complex matters, so closely interwoven, are now being considered in the light of one consistent operational policy so that the greatest possible advance can be made toward the desired goals.

For most rapid and efficient action, the field of Foa operations was organized into four regional divisions—Europe; Near East, South Asia and Africa; Far East; and Latin America. These regions correspond exactly in area coverage to the geographic regions of the Assistant Secretaries of State. This regional breakdown thus insures a direct coordination between program operations and policy formation.

Another component deals with the difficult and far-reaching problem of controls on trade relating to the Soviet Bloc, more familiarly known as East-West trade. In addition, since various problems that arise in different parts of the globe have many similarities in method of treatment, a number of technical activities—for example, food and agriculture, industrial and labor affairs, trade and investment—were grouped to operate on a functional basis.

Along with these fundamental organizational principles, the Director of the Foreign Operations Administration, Mr. Stassen, also introduced a fresh approach to the actual conduct of the various programs and projects. Procedures were worked out to decentralize to a much greater degree than ever before the authority and responsibility for taking the initiative and making decisions. In line with this emphasis on decentralization, increased reliance has been placed on the judgment and effectiveness of the regional directors in the Washington organization and the Mission directors in the field. The overseas Missions, in turn, have decentralized their own operations by working more in the grass roots areas and less in the capital cities.

The consolidation of agencies and functions into the organizational framework of the Foa made it possible to effect a heavy reduction in administrative overhead. Total direct employment in Washington was reduced by 24 percent, or some 450 positions, between January 31 and December 31, 1953. In the same period, the European Regional Office in Paris was cut by 56 percent in personnel strength; also, the three ambassadorial positions in Paris were reduced to one. Direct employment in the European Missions was reduced by about 30 percent. On the other hand, the number of United States technicians in the field in the underdeveloped areas has been increased by 35 percent to accord with the invigorated technical cooperation effort. In summary, Washington overhead has been reduced, and overseas effectiveness has been increased. These personnel shifts have been carried out in conformance with the expressed wish of Congress to reduce administrative costs by 20 percent.

The Foa has been woven into a cohesive, tightly knit organization, working with maximum economy and full efficiency to accomplish the objectives of United States policy.

Mutual Security and the Future

As strength in the free world, particularly in Europe, has grown, total funds appropriated for United States programs overseas have been gradually decreased. The reductions in military and economic aid, in general, have paralleled the growing self-reliance of the nations we are helping. In several countries, the need for United States aid is over; in others, this aid has been considerably reduced in magnitude; in still others, aid will most probably reach an end in the near future as economic strength is built up. On the other hand, a number of new or expanded programs have been initiated—such as the increased effort against Communist aggression in Indochina, the rebuilding of war-shattered Korea, and the new agreements with Spain. We are also working out methods of using our domestic food surpluses overseas.

To produce truly worthwhile and durable results, United States programs abroad must be planned and carried out in the context of long-range calculations. The development of the NATO alliance, the global buildup of military bases and military forces, the technical cooperation and special economic aid programs in the less developed areas—these programs are being contracted or expanded in accord with plans to attain positions of solid free world economic and military strength to combat a long-term danger and enhance the opportunities for world stability. Such programs cannot be drastically cut without undoing much of the rewarding success that has been so painstakingly and laboriously achieved.

The amounts and types of aid we give must depend, of course, on changing world conditions. As long as the United States maintains its prominent position in world affairs, and as long as the harsh threat to world peace exists, our country will continue to shoulder the heavy obligations of world leadership. The United States cannot properly live up to the unavoidable responsibilities of power and at the same time serve the best interests of the American people without responding in a positive way to the needs of other free peoples who require some measure of outside support in trying to lay the stepping-stones to their own advancement. The long-term goals of the mutual security program are inseparably interwoven with the long-term security of the United States and with world efforts for freedom, progress, and peace. It is on this basis that mutual security program operations are moving forward throughout the free world.

Continuance of Assistance to Denmark, France, Italy, Norway, and the United Kingdom

LETTER FROM THE PRESIDENT TO CONGRESSIONAL CHAIRMEN

White House press release dated March 5

The President has sent the following identical letters to Styles Bridges, Chairman, Committee on Appropriations, U.S. Senate; Leverett Saltonstall, Chairman, Committee on Armed Services, U.S. Senate; Alexander Wiley, Chairman, Committee on Foreign Relations, U.S. Senate; John Taber, Chairman, Committee on Appropriations, House of Representatives; Dewey Short, Chairman, Committee on Armed Services, House of Representatives; and Robert B. Chipperfield, Chairman, Committee on Foreign Affairs, House of Representatives:

DEAR MR. CHAIRMAN: This is to inform you that, pursuant to Section 103 (b) of the Mutual Defense Assistance Control Act of 1951, and in accordance with the recommendation of the Director of the Foreign Operations Administration, concurred in by the Department of State, the Department of the Treasury, the Department of Defense and the Department of Commerce, I have directed the continuance of United States assistance to Denmark, France, Italy, Norway and the United Kingdom, because the cessation of aid would clearly be detrimental to the security of the United States.

The details of these cases will be found in the attached copy of letter from the Director of the Foreign Operations Administration.

Sincerely yours,

DWIGHT D. EISENHOWER

RECOMMENDATION OF DIRECTOR OF FOREIGN OPERATIONS ADMINISTRATION

MARCH 3, 1954

DEAR MR. PRESIDENT: Under the Mutual Defense Assistance Control Act of 1951 (Battle Act), it is necessary to report to you concerning

shipments of commodities of primary strategic importance which countries of the free world have permitted in the course of their trade with the Soviet bloc.

Most of these shipments continue to be "prior commitments"—that is, shipments resulting from commitments that were made prior to the effective date of the Battle Act embargo provisions. Others are the results of more recent commitments which, in unusual circumstances, Western countries have considered necessary or in the long run beneficial to themselves and to the free world, because of the two-way trade that was made possible by the strategic shipments.

This letter has to do with shipments permitted by Denmark, France, Italy, Norway, and the United Kingdom.

I have carefully examined these cases. And I concur in the judgment of my Deputy for Mutual Defense Assistance Control, Vice Admiral Walter S. DeLany, U.S.N. (Ret.), that this country in its own interest cannot afford to use these shipments as a basis for terminating United States assistance to any of the five countries involved, because such termination would clearly be detrimental to U. S. security. This is also the judgment of the Department of State, the Department of Defense, the Department of Commerce, and the Department of the Treasury.

Therefore, as Director of Foreign Operations, responsible for the administration of the Mutual Defense Assistance Control Act of 1951, I hereby recommend that you exercise your authority under Section 103(b) of this Act and direct the continuance of aid to Denmark, France, Italy, Norway, and the United Kingdom.

Section 103(b) forbids all military, economic, and financial assistance to a country that knowingly permits the shipment of items listed for embargo under the Act, except that the President "may direct the continuance of such assistance to a country which permits shipments of items other than arms, ammunition, implements of war, and atomic energy materials when unusual circumstances indicate that the cessation of aid would clearly be detrimental to the security of the United States."

These five countries have not permitted the shipment of any arms, ammunition, implements of war, or atomic energy materials to the Soviet bloc. Following is a summary of the less strategic but nevertheless important shipments which they have permitted and which have not been covered by any previous Presidential determination with respect to these countries. (All of these shipments went to Eastern Europe, none to Communist China.)

Denmark

On October 21, 1953, a Danish shipbuilding company delivered to the U.S.S.R. the second of two tankers which were included in a Danish-Russian trade agreement signed in July 1948. The second tanker is valued at \$2,181,647. The commitment to ship the two tankers was made three and a half years before January 24, 1952, the date when the Battle Act embargo lists (including tankers) first went into effect. Thus the two vessels have been a part of the "prior commitment" problem, one of the most difficult problems that has arisen in the administration of the Battle Act.

The first tanker was delivered to Russia on July 7, 1952, and a Presidential determination to continue aid to Denmark was reported to the Congress on July 25, 1952.

A contract with a Danish firm to build the second tanker was signed in November 1950, for delivery in the fourth quarter of 1953. At the same time the Danish government issued an unconditional export license to the shipbuilding firm. The Danish Government takes the position that there was no legal or contractual authority for revoking the license and that a default would have been a breach of both international and private obligations. The U.S.S.R. has met all its obligations under the trade agreement, and the tanker itself was almost completely paid for in advance of delivery.

As in the case of the first tanker, the United States Government sought through high-level representations to persuade the Danish government not to permit delivery of the second vessel. The United States took the position that considerations of national security must override other considerations when there is a clear and present danger to the very survival of free nations. The government of Denmark, while recognizing the strategic importance of the tanker and the changed world conditions since the signing of the agreement, continued to hold the position that it was bound to meet its commitments.

Now that the tanker has been delivered despite the efforts of the United States Government, we are faced squarely with the question whether the termination of aid to Denmark would be detrimental to the security of the United States and the free world. This problem has been thoroughly considered by all interested agencies of the Government. The conclusion is that the cessation of

aid at this time would weaken the defensive position of the free world and that it would indeed be detrimental to U. S. security.

Following are some of the considerations taken into account in arriving at this conclusion:

Denmark, despite a strong element of neutralism in the population, is a member of the North Atlantic Treaty Organization. An effective combat force in Denmark is necessary not only to Danish security but also to the effective defense of the West in the event of aggression. Greenland, the world's largest island and an integral part of the Danish nation, is strategically located for the defense of North America, and continued Danish-U. S. cooperation for the defense of Greenland is essential to the security of the United States. Economic aid from the United States to Denmark has dwindled to negligible amounts, but military aid to Denmark is making an important contribution to the common defense. The Danish forces have been almost entirely dependent upon U. S. military aid for initial equipment and maintenance and without this aid Denmark could not meet its obligations in NATO. The cancellation of the undelivered portion of this program would jeopardize any further military buildup in Denmark and weaken the effectiveness of the forces now in being, and would seriously impair Denmark's cooperation in NATO. It would also have an impact on Danish foreign policy. At the present time Denmark operates a highly effective system of controls over the shipment of strategic materials, including controls over the transshipment of goods passing through Danish territory.

In addition to the tanker, Denmark has permitted the shipment of \$696 worth of subminiature tubes for hearing aids. These tubes were supplied to Poland as replacement parts for hearing-aid devices which a Danish firm had previously sold in that country.

France

Ball bearings valued at \$76,972, of types and sizes listed as embargo items under the Battle Act, have been recently shipped from France to Poland. These bearings were part of a trade agreement signed in October 1952, providing for the movement of about \$18.8 million worth of various commodities from France and about \$20 million worth of various commodities from Poland. The French also have shipped some more of their backlog of prior-commitment items, \$57,095 worth of miscellaneous machinery, valves and cocks. These also went to Poland. Besides these prior-commitment items, \$1,494 worth of spare parts (for materials previously supplied) were shipped to Poland and Hungary.

Italy

Additional Italian prior-commitment items val-

ued at \$1,098,701 have been shipped to three countries of Eastern Europe, as follows:

Ball and roller bearings to Czechoslovakia (\$703,230), Hungary (\$172,000), and Poland (\$143,000).
Rolling Mill parts to Poland (\$80,471).

Norway

Norway has shipped 3,000 metric tons of aluminum ingots, valued at \$1,770,000, to the U.S.S.R. under a barter agreement signed early in 1953. Besides aluminum, the major commodities in the agreement are Norwegian salted herring and hardened whale fats, and Russian wheat, rye, manganese ore, and phosphate rock. On July 31, 1953, I wrote to you concerning Norway's shipments of aluminum to the Soviet bloc under its 1952 trade agreements and recommended that aid be continued to Norway. On August 1 you so ordered. The basic considerations involved in that case are little changed, and need not be repeated in this letter.

United Kingdom

The British have shipped an additional quantity of their prior-commitment items. These new shipments totaled \$893,643. The bulk of them went to Poland, with about \$50,000 going to Hungary and about \$4,000 to Czechoslovakia. The principal items were locomotive equipment, strip mill parts, copper wire, compressors, and miscellaneous equipment. Besides these prior commitments, \$10,199 worth of embargo-type items were shipped from the United Kingdom in small lots to Eastern Europe. These small shipments consisted of mineral oil to Poland and bearings (mainly spare parts) to Poland, Czechoslovakia, and the U.S.S.R.

In this letter I have devoted more space to the Danish tanker than to the shipments from the other countries because of the strategic importance and monetary value of the tanker and because it was the second such vessel to be delivered; also because Denmark—unlike France, Norway, and the United Kingdom—was not discussed in my letter of July 31, 1953, which you sent to the Congress on August 1. But the main conclusion is equally valid in each of these cases: that it would be detrimental to the security of the United States to terminate aid.

It is appropriate to include in this letter a brief report on a strategic cargo that moved from Turkey to Czechoslovakia, even though I do not consider it a case where a government "knowingly permits" a shipment within the meaning of the Battle Act. The cargo was 500 tons of copper, valued at \$450,000. In my judgment the facts of this case do not make it necessary for you to determine whether to continue aid to Turkey.

Nevertheless, the strategic value of copper is so great that its movement to the Soviet bloc must be a matter of concern to the Congress as well as to the Executive Branch. Therefore I suggest that you inform the Congress that the shipment took place, that high Turkish authorities investigated it and gave us the facts concerning it, and that Turkey has taken steps to prevent a repetition of the incident. It will be of interest, too, that Turkey has recently become a member of the informal Consultative Group by means of which fifteen nations coordinate their strategic trade controls, and the Turks have given impressive evidence of their cooperation in this program.

Respectfully yours,

HAROLD E. STASSEN
Director of Foreign Operations

International Sugar Agreement

*Statement by Thorsten V. Kalijarvi
Acting Assistant Secretary for Economic Affairs¹*

As Acting Assistant Secretary of State for Economic Affairs I am appearing before this Committee in support of the International Sugar Agreement.² This agreement has our support as a practical effort toward eliminating the recurring crises which upset this worldwide industry. A critical surplus situation now exists which threatens the well-being of a number of friendly countries. The world's capacity to produce sugar has far outrun the world's ability to consume. This agreement is necessary to remove marketing uncertainties while facilitating needed adjustments.

Close at home, the United States has important interests—economic, political, and strategic—in the world's greatest sugar producing and exporting areas in the Caribbean. The security of our considerable trade and investment, our sources of necessary raw materials, and our military bases in that area depend upon the maintenance of a reasonable degree of political stability and closely related economic well-being. A sharp depression of prices and mounting world sugar surpluses would cause extreme economic distress and severe political unrest in this area. In that event U.S. interests would suffer and both international communism and anti-American nationalism would stand to gain. The United States, therefore, has a significant stake in any international action which would help to prevent this eventuality.

The United States was a member of the Sugar Agreement of 1937. While some provisions of

¹ Made before the Senate Foreign Relations Committee on Mar. 18, 1954 (press release 145).

² For an article on the agreement, see BULLETIN of Oct. 26, 1953, p. 542; for a list of signatory governments, see *ibid.*, Dec. 14, 1953, p. 823.

that agreement were suspended at the beginning of World War II, the International Sugar Council was continued as a forum for the discussion of postwar problems. A protocol extending our participation in the Council was considered favorably each year by the Senate Foreign Relations Committee. The last protocol was approved by the Senate on July 27, 1953. You will recall that the annual protocol recognized that a revised international sugar agreement was necessary and should be undertaken. The sugar agreement now before you is the revision contemplated by the protocols, and was negotiated at a world conference last summer attended by 50 countries.

The new sugar agreement is an attempt on the part of both importing and exporting countries to meet the realities of the postwar sugar situation. A surplus of approximately 2.5 million tons exist at the present time, and productive capacity is increasing. World prices receded last year to the lowest levels since 1945 despite the fact that Cuba, the world's largest producer, had restricted its crop by 28 percent and withheld 2 million tons from the world market. The International Sugar Agreement would share this burden by assigning market quotas to the exporting countries and adjusting them periodically to the needs of the market. To safeguard the interests of consumers, exporters are required to maintain stocks and a limit is placed on the extent export quotas may be reduced to accomplish the price objectives of the agreements.

An important consideration for the United States is the fact that this agreement will not change the pattern of our trade in sugar. Imports into the United States are specifically excluded from the agreement. The quantity of sugar available to this market will not be affected. Our domestic sugar legislation will continue to regulate the volume and source of our imports as it does at the present time.

The Department of State, of course, has relied heavily on the views of the Department of Agriculture and the domestic sugar industry as to the importance of the agreement to American producers and processors. We have had several meetings with representatives of the sugar growers and processors. Several representatives served on the U.S. delegation to the World Sugar Conference and were of material assistance in the negotiations. The case for an international sugar agreement appears to be an exceptional one and to be dictated by both domestic and foreign policy considerations, and the Department has been glad to cooperate with the Department of Agriculture and the industry to bring it about.

To date five countries have ratified the agreement and 17 others have notified that they intend to seek ratification. As most of the countries interested in the agreement were anxious that it become effective as of January 1, 1954, it was provided that such notifications would be accepted

in lieu of ratification for the purpose of putting the agreement into effect provisionally for a 4-month period. The United States cooperated with the others in filing a notice that ratification would be sought as rapidly as possible under our constitutional procedures. Of course, no obligations with respect to the agreement were assumed by the United States through this action.

The condition of the world's sugar industry affects the economies of many nations and the livelihood of many peoples.

This agreement, while it will not solve all of the world's sugar problems, is a constructive step toward their solution. The Department of State sincerely believes that it would be to the advantage of the United States both from the standpoint of its domestic sugar interests and from the standpoint of its foreign relations to ratify the agreement, and it is out of this conviction that we respectfully recommend its favorable consideration by this Committee.

PUBLICATIONS

Recent Releases

For sale by the Superintendent of Documents, Government Printing Office, Washington 25, D. C. Address requests direct to the Superintendent of Documents, except in the case of free publications, which may be obtained from the Department of State.

Economic Cooperation. TIAS 2767. Pub. 5156. 3 pp. 5¢.

Agreement between the United States and Norway, amending agreement of July 3, 1948, as amended; Effected by exchange of notes—Signed at Oslo Jan. 8, 1953.

Economic Cooperation. TIAS 2769. Pub. 5158. 4 pp. 5¢.

Agreement between the United States and Italy, amending agreement of June 28, 1948, as amended; Effected by exchange of notes—Signed at Rome Jan. 13, 1953.

Passport Visa Fees. TIAS 2771. Pub. 5160. 5 pp. 5¢.

Exchange of notes between the United States and the Federal Republic of Germany—Dated at Bonn Dec. 12 and 30, 1952, and Jan. 9, 1953.

Relief from Taxation on Defense Expenditures. TIAS 2775. Pub. 5172. 3 pp. 5¢.

Exchange of notes between the United States and Greece—Dated at Athens Feb. 4, 1953.

Economic Cooperation. TIAS 2780. Pub. 5178. 3 pp. 5¢.

Agreement between the United States and Luxembourg, amending agreement of July 3, 1948, as amended; effected by exchange of notes—Signed at Luxembourg Dec. 31, 1952, and Feb. 26, 1953.

North Atlantic Treaty—Status of Forces. TIAS 2846. Pub. 5307. 37 pp. 15¢.

Agreement, with Appendix, between the United States and Other Governments—Signed at London June 19, 1951.

American Principles. Policy for Security and Peace (Dulles) 459

American Republics. The Declaration of Caracas and the Monroe Doctrine (Dulles) 466

Atomic Energy. Secretary Dulles Offers Atomic Energy Proposal 465

Australia. Australia Borrows \$54 Million From International Bank 480

Bolivia. Bolivia To Receive Additional Wheat 468

Congress

Continuance of Assistance to Denmark, France, Italy, Norway, and the United Kingdom (Eisenhower, Stassen) 491

Current Legislation on Foreign Policy 483

Credence, Letters of. Japan (Iguchi) 465

Cuba. Export-Import Bank Makes Loan in Cuba 479

Czechoslovakia. Release of John Hvasta 478

Economic Affairs

Australia Borrows \$54 Million From International Bank 480

Export-Import Bank Makes Loan in Cuba 479

Western Unity—Cornerstone of Free World Defense (Murphy) 473

Ecuador. Ecuador-Peru Boundary Incident 468

Europe. Western Unity—Cornerstone of Free World Defense (Murphy) 473

Finance. Export-Import Bank Report 479

International Awards. Everest Climber Awarded Hubbard Medal Replica 472

International Information. Confirmation of Members of Information Advisory Commission 482

International Organizations and Meetings. Ecuador-Peru Boundary Incident 468

Japan

Presentation of Credentials by Ambassador Iguchi 465

Reported Atomic Injuries To Be Investigated 466

Mexico

Mexican Migrant Labor (Eisenhower) 468

U.S.-Mexican Agreement on Farm Labor 467

Military Affairs

Foreign Policy and National Security (Dulles) 464

Policy for Security and Peace (Dulles) 459

Western Unity—Cornerstone of Free World Defense (Murphy) 473

Mutual Security

Bolivia To Receive Additional Wheat 468

Continuance of Assistance to Denmark, France, Italy, Norway, and the United Kingdom (Eisenhower, Stassen) 491

The Declaration of Caracas and the Monroe Doctrine (Dulles) 466

Exemption of Functions Under Mutual Security Act (Executive Order 10519) 481

Our Partnership With Spain (Dunn) 476

Report to Congress on the Mutual Security Program 484

Peru. Ecuador-Peru Boundary Incident 468

Presidential Documents

Continuance of Assistance to Denmark, France, Italy, Norway, and the United Kingdom (Eisenhower, Stassen) 491

Exemption of Functions Under Mutual Security Act (Executive Order 10519) 481

Report to Congress on the Mutual Security Program 484

Publications. Recent Releases 494

Spain. Our Partnership With Spain (Dunn) 476

State, Department of

Confirmation (Key) 483

Designations (Smith; Wainhouse) 483

Security in the Department of State (McLeod) 469

Treaty Information

International Sugar Agreement 493

U.S.-Mexican Agreement on Farm Labor 467

United Nations

General Assembly. U.N. Administrative Tribunal Awards of Compensation 482

Name Index

Allen, George V. 472

Dulles, Secretary 459, 464, 465, 466, 478

Dunn, James Clement 476

Eisenhower, President 468, 472, 481, 484, 491

Hillary, Sir Edmund 472

Hunt, Sir John 472

Hvasta, John 478

Iguchi, Sadao 465

Kalijarvi, Thorsten V. 493

Key, David McK. 483

Larmon, Sigurd S. 482

May, Mark A. 482

McLeod, Scott 469

Miller, Justin 482

Murphy, Robert 473

Norkey, Tenzing 472

Smith, David S. 483

Stassen, Harold E. 491

Wainhouse, David W. 483

Check List of Department of State Press Releases: March 15-20, 1954

Releases may be obtained from the News Division, Department of State, Washington 25, D. C. Press releases issued prior to March 15 which appear in this issue of the BULLETIN are Nos. 123 of March 9 and 129 of March 10.

No.	Date	Subject
†132	3/15	Kalijarvi: Copyright bills
134	3/15	U.N. Administrative Tribunal awards
135	3/15	McLeod: Security
136	3/16	Medal awarded to Tenzing Norkey
137	3/16	Japan: Letter of credence (re-write)
138	3/16	Dulles: Caracas Conference
139	3/16	Dulles: <i>Foreign Affairs</i> article
*140	3/16	Dulles: Death of Harold Hinton
141	3/16	Ecuador-Peru boundary incident
*142	3/16	Transcript of press conference
†143	3/17	U.S.-Canadian communique
144	3/17	Injured Japanese fishermen
145	3/18	Kalijarvi: Sugar agreement
†146	3/18	Murphy: U.S.-Japanese relations
147	3/19	Dulles-Hvasta letters
148	3/19	Atomic energy conversations
149	3/19	Dulles: Foreign Relations Committee

*Not printed.

†Held for a later issue of the BULLETIN.

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